

TRENTON BOARD OF EDUCATION

**MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS-
FINANCIAL, COMPLIANCE AND PERFORMANCE**

June 30, 2023

**AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE**

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report.....	1
Scope of Audit.....	2
Administrative Practices and Procedures	
Insurance	2
Official Bonds.....	2
Tuition Charges	2
Financial Planning, Accounting and Reporting	
Examination of Claims.....	2
Payroll Account, Human Resources and Position Control Roster	3
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures	
• General Classifications	3
• Administrative Classifications.....	3
Board Secretary's Records.....	3
Treasurer's Records	3
Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)	4
Other Special Federal and/or State Projects.....	4
T.P.A.F. Reimbursement.....	4
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	4
School Food Service.....	5
Student Body Activities	6
Application for State School Aid	6
Pupil Transportation.....	7
Facilities and Capital Assets.....	7
Testing for Lead of All Drinking Water in Educational Facilities	7
Other Suggestion to Management	8
Follow-up on Prior Year's Findings.....	8
Acknowledgment	8
Schedule of Audited Enrollments	9
Excess Surplus Calculation	12
Audit Recommendations Summary	15

Independent Auditors' Report

**Honorable President and Members
of the Board of Education
Trenton Board of Education
Trenton, New Jersey**

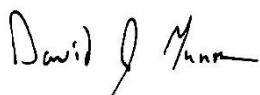
We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Board of Education of the Trenton School District, County of Mercer as of and for the year ended June 30, 2023, and have issued our report thereon dated December 4, 2023.

As part of our audit, we performed procedures required by the New Jersey Department of Education and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information and use of the Trenton School District's management, Board of Education members, others within the entity, and the New Jersey Department of Education and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 4, 2023



David J. Gannon, CPA
Licensed Public School Accountant, No. 2305

**Trenton Board of Education
Administrative Findings - Financial,
Compliance and Performance**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, the activities of the Board of Education, and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's ACFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Jayne Howard	Board Secretary/Business Administrator	\$1,300,000
James E. Bartolmei	Treasurer	\$1,300,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the New Jersey School Boards Association Insurance Group covering all other employees with multiple coverage of \$1,000,000.

P.L. 2020, c.44

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness. The data submitted did include all health benefit plans offered by the district. The School district data certification was completed by the chief school administrator. The school district Chapter 44 data was submitted timely. The original data submission did require significant revision due to errors or omissions on the part of the district.

Tuition Charges

The District does not receive students from any sending districts. Therefore, this section is not applicable.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period did not indicate any discrepancies with respect to signatures, certification or supporting documentation and no discrepancies or exceptions were noted.

Trenton Board of Education Administrative Findings - Financial, Compliance and Performance

Payroll Account, Human Resources and Position Control Roster

The net salaries of all employees of the Board were deposited in the payroll account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the payroll agency account.

All payrolls tested were approved by the Superintendent and were certified by the President of the Board, the Board Secretary/Business Administrator, and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund, where applicable.

Payrolls were delivered to the Treasurer of school monies with a warrant made to his order for the full amount of each payroll.

Our review of the payroll accounts did not reveal any exceptions.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable and no exceptions were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23A-16.2(f)* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.3*. As a result of the procedures performed, a transaction error rate of 0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed no exceptions.

Treasurer's Records

Our review of the financial and accounting records maintained by the Treasurer did not disclose any exceptions.

**Trenton Board of Education
Administrative Findings - Financial,
Compliance and Performance**

Elementary and Secondary Education Act (E.S.E.A) as amended by the Every Student Succeeds Act (ESSA)

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the ACFR. This section of the ACFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. indicated no areas of noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A (K-3) and Schedule B (K-4) located in the ACFR.

Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue section of the ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned special projects. The study of compliance for the special projects indicated the following area of improvement over the extraordinary aid state grant.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for District employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2020 and thereafter, the bid thresholds in accordance with *N.J.S.A. 18A:18A-2* and *18A:18A-3(a)* are \$44,000 with a Qualified Purchasing Agent and \$32,000 without a Qualified Purchasing Agent, respectively. The law regulating bidding for public school transportation contracts under *N.J.S.A. 18A:39-3* is currently \$20,200 for 2022-23.

Trenton Board of Education Administrative Findings - Financial, Compliance and Performance

The District Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Based on the results of examination, no individual payments, contracts, or agreements were made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of *N.J.S.A. 18A:18A-4*.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per *N.J.S.A. 18A:18A-5*.

School Food Service

Public Health Emergency

SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and *N.J.S.A. 18A:18A-7*. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all students during the emergency.

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of school management as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Position (ACFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations. We also inquired if the FSMC received a loan in accordance with the Payroll

Trenton Board of Education Administrative Findings - Financial, Compliance and Performance

Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amount to the SFA.

Student Body Activities

During our audit of the student activity funds, we did not note any exceptions.

Application for State School Aid (ASSA)

Our audit procedures included a test of information reported in the October 15, 2022 Application for State School Aid (ASSA) for on-roll, private schools for the handicapped, low-income and bilingual. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District work papers with exceptions. The information that was included on the work papers was reviewed and the following area for opportunity of improvement was noted.

Finding 2023-001 – Material Weakness in Internal Control

Criteria:

Districts are required to complete the Application for State School Aid (A.S.S.A.) in accordance with instructions provided by the Division of Finance of the New Jersey Department of Education. Districts are required to complete a set of working papers that document the compilation of data and provide an accurate audit trail for testing of student enrollments on the A.S.S.A. report.

Condition:

New personnel was assigned to complete the task of compiling the data necessary to submit and support the A.S.S.A. Additionally, existing staff was not available to assist in completing the A.S.S.A.

The following is from the District's written procedures:

On October 15th, the NJ Department of Education takes a snapshot of the District's data within the NJ SMART program. The District is also required to take a snapshot of its student information system contained in Power School. After the snapshot is completed, the District continues working with Special Education, ESL, Nutrition services, and homeless services departments to make sure that the District accounts for all district-responsible students who attend school either in District or outside of District. Any updates that are needed are corrected within the District's Official PowerSchool Snapshot and in the live system.

Once the NJ Department of Education opens the A.S.S.A. program in NJ Homeroom, the District reviews the information that has been pre-populated by the NJ Department of Education and makes any corrections. The District uses the Official Snapshot of Power School as the source file that the prepopulated numbers should match, when they do not, the District corrects the errors to match the file. The District enters any needed changes into the NJ Homeroom A.S.S.A. portal, reviews it once again against the PowerSchool snapshot and certifies the A.S.S.A.

Trenton Board of Education Administrative Findings - Financial, Compliance and Performance

The deficiency in the process that occurred during the A.S.S.A. under audit resulted in the District failing to take an initial snap shot of its student information system contained in Power School. As a result, numerous exceptions were identified in all categories of students reported on the A.S.S.A. and in many cases, the A.S.S.A. Report did not agree to the underlying records provided by the District.

Questioned Costs:

None that are identifiable.

Context:

As noted on the Schedule of Audited Enrollments within the separate Auditors' Management Report on Administrative Findings, numerous exceptions were identified.

Effect:

The errors identified, if not corrected going forward, could result in a reduction of State formula aid.

Recommendation:

We suggest that the District strengthen its internal controls to ensure that the students listed on the A.S.S.A. reports are properly supported by District records and reported correctly.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2022-2023 District Report of Transported Resident Students ("DRTRS"). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

The facilities projects of the District are fully administered by the New Jersey Schools Development Authority and therefore this section is not applicable.

Testing for Lead of All Drinking Water in Educational Facilities

The school district adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The school district submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

**Trenton Board of Education
Administrative Findings - Financial,
Compliance and Performance**

Other Suggestion to Management

For the year ended June 30, 2023, the food service net cash resources exceeded three times the average food service monthly operating expenses. We suggest the District develop a plan for the excess funds to be utilized in the subsequent year's allowable expenses that will further support the operation and enhance the child nutrition program, such as improving the nutritional quality of the food or purchasing equipment for the kitchen as outlined in 7 CFR 210.14(a).

Follow-up on Prior Year's Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations.

Acknowledgment

We received the complete cooperation of all the officials of the School District and we greatly appreciate the courtesies extended to the members of the audit team.

TRENTON BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2022

	2022-2023 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Full Day Preschool (3 years)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool (4 years)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	930	-	854	-	76	-	-	-	-	-	-	-	-	-	-	-	-
One	993	-	1,085	-	(92)	-	-	-	-	-	-	-	-	-	-	-	-
Two	1,082	-	1,074	-	8	-	-	-	-	-	-	-	-	-	-	-	-
Three	1,033	-	1,032	-	1	-	-	-	-	-	-	-	-	-	-	-	-
Four	932	-	937	-	(5)	-	1	-	1	-	-	-	-	-	-	-	-
Five	884	-	886	-	(2)	-	-	-	-	-	-	-	-	-	-	-	-
Six	704	-	710	-	(6)	-	-	-	-	-	-	-	-	-	-	-	-
Seven	762	-	777	-	(15)	-	-	-	-	-	-	-	-	-	-	-	-
Eight	713	-	721	-	(8)	-	-	-	-	-	-	-	-	-	-	-	-
Nine	677	-	711	-	(34)	-	3	-	3	-	-	-	-	-	-	-	-
Ten	794	-	865	-	(71)	-	31	-	31	-	-	-	-	-	-	-	-
Eleven	761	2	783	-	(22)	2	72	-	72	-	-	-	-	-	-	-	-
Twelve	636	-	667	-	(31)	-	122	-	121	-	1	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15 + CR)	-	4	1	-	(1)	4	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	10,901	6	11,103	-	(202)	6	229	-	228	-	1	-	-	-	-	-	-
Sp Ed - Elementary	627	-	717	-	(90)	-	-	-	-	-	-	-	11	17	17	-	-
Sp Ed - Middle School	351	-	265	-	86	-	-	-	-	-	-	-	41	20	20	-	-
Sp Ed - High School	505	6	518	-	(13)	6	89	-	89	-	-	-	84	55	53	2	-
Subtotal	1,483	6	1,500	-	(17)	6	89	-	89	-	-	-	136	92	90	2	-
County Vocational - Regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
County Vocational - First Post Secondary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	12,384	12	12,603	-	(219)	12	318	-	317	-	1	-	136	92	90	2	-

Percentage Error

-1.77% 100.00%

0.31% 0.00%

2.17%

TRENTON BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY (continued)
ENROLLMENT AS OF OCTOBER 15, 2022

	Resident Low Income						Sample for Verification			Resident LEP Low Income						Sample for Verification		
	Reported on A.S.S.A. as Low Income		Reported on Workpapers as Low Income		Errors		Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP Low Income		Reported on Workpapers as LEP Low Income		Errors		Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
	Full	Shared	Full	Shared	Full	Shared				Full	Shared	Full	Shared	Full	Shared			
Full Day Preschool 3 Years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool 4 Years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	467	-	355	-	112	-	45	43	2	213	-	182	-	31	-	-	-	-
One	663	-	762	-	(99)	-	52	49	3	290	-	327	-	(37)	-	-	-	-
Two	739	-	758	-	(19)	-	21	21	-	281	-	288	-	(7)	-	-	-	-
Three	699	-	736	-	(37)	-	18	17	1	311	-	293	-	18	-	3	3	-
Four	574	-	618	-	(44)	-	17	17	-	218	-	233	-	(15)	-	52	44	8
Five	538	-	566	-	(28)	-	9	9	-	185	-	204	-	(19)	-	66	42	24
Six	405	-	435	-	(30)	-	6	6	-	168	-	159	-	9	-	76	54	22
Seven	387	-	443	-	(56)	-	7	7	-	101	-	97	-	4	-	18	7	11
Eight	384	-	410	-	(26)	-	8	8	-	108	-	97	-	11	-	34	19	15
Nine	301	-	392	-	(91)	-	13	12	1	60	-	67	-	(7)	-	15	9	6
Ten	284	-	425	-	(141)	-	14	14	-	56	-	101	-	(45)	-	16	5	11
Eleven	292	-	403	-	(111)	-	21	20	1	45	-	69	-	(24)	-	14	6	8
Twelve	225	-	352	-	(127)	-	81	81	-	35	-	58	-	(23)	-	9	3	6
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15 + CR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	5,958	-	6,655	-	(697)	-	312	304	8	2,071	-	2,175	-	(104)	-	303	192	111
Sp Ed - Elementary	467	-	520	-	(53)	-	-	-	-	94	-	118	-	(24)	-	6	6	-
Sp Ed - Middle School	249	-	190	-	59	-	-	-	-	51	-	28	-	23	-	1	1	-
Sp Ed - High School	299	-	373	-	(74)	-	-	-	-	12	-	16	-	(4)	-	1	1	-
Subtotal	1,015	-	1,083	-	(68)	-	-	-	-	157	-	162	-	(5)	-	8	8	-
County Vocational - Regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
County Vocational - First Post Secondary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	6,973	-	7,738	-	(765)	-	312	304	8	2,228	-	2,337	-	(109)	-	311	200	111

Percentage Error -10.97% 0.00% 2.56% -4.89% 0.00% 35.69%

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public School	1,859.0	1,862.0	(3)	-	-	-
Courtesy	223.0	223.0	-	-	-	-
Non-Public Transportation	46.0	46.0	-	-	-	-
AIL Non Public	266.0	266.0	-	-	-	-
Regular Special Education	121.0	121.0	-	-	-	-
Special Needs	1,165.0	1,166.0	(1)	-	-	-
Totals	3,680.0	3,684.0	(4)	-	-	-

Percentage Error -0.11% 0.00%

TRENTON BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY (continued)

ENROLLMENT AS OF OCTOBER 15, 2022

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on ASSA as Not Low Income	Reported on Workpapers as Not Low Income	Errors	Sample Selected from Workpapers	Verified to Application & Register	Sample Errors
Half Day Preschool	-	-	-	-	-	-
Full Day Preschool	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	198	261	(63)	-	-	-
One	182	170	12	-	-	-
Two	175	180	(5)	-	-	-
Three	165	166	(1)	-	-	-
Four	198	171	27	-	-	-
Five	180	167	13	-	-	-
Six	166	160	6	-	-	-
Seven	169	141	28	-	-	-
Eight	124	125	(1)	-	-	-
Nine	134	132	2	-	-	-
Ten	268	173	95	-	-	-
Eleven	191	160	31	-	-	-
Twelve	121	96	25	-	-	-
Post-Graduate	-	-	-	-	-	-
Adult H.S. (15 + CR)	-	2	(2)	-	-	-
Adult H.S. (1-14 CR)	-	2	(2)	-	-	-
Subtotal	<u>2,271</u>	<u>2,106</u>	<u>165</u>	-	-	-
Sp Ed - Elementary	56	74	(18)	-	-	-
Sp Ed - Middle School	34	18	16	-	-	-
Sp Ed - High School	3	7	(4)	-	-	-
Subtotal	<u>93</u>	<u>99</u>	<u>(6)</u>	-	-	-
County Vocational - Regular	-	-	-	-	-	-
County Vocational - First Post Secondary	-	-	-	-	-	-
Total	<u><u>2,364</u></u>	<u><u>2,205</u></u>	<u><u>159</u></u>	-	-	-
Percentage Error			<u><u>6.73%</u></u>			<u><u>0.00%</u></u>

TRENTON BOARD OF EDUCATION

EXCESS SURPLUS CALCULATION

JUNE 30, 2023

SECTION 1

A. 2% Calculation of Excess Surplus

2022-23 Total General Fund Expenditures Reported on Exhibit C-1	\$ 384,261,963 (A)	
Increased by Applicable Operating Transfers		
Transfer to Food Service	\$ - (A1a)	
Transfer from Capital Outlay to Capital Projects	\$ - (A1a)	
Transfer from Capital Reserve to Capital Projects	\$ 1,068,132 (A1a)	
Transfer from G/F to SRF for Preschool - Regular	\$ - (A1a)	
Transfer from G/F to SRF for Preschool - Inclusion	\$ - (A1a)	
Less: Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2	<u>\$ 4,528,129 (A1b)</u>	
2022-23 Adjusted General Fund and Other State Expenditures [(A)+(A1a)-(A1b)]		<u>\$ 379,733,834 (A2)</u>
Decreased by:		
On-Behalf TPAF Pension, Post-Retirement Contributions, Long-Term Disability Insurance and Social Security		<u>\$ 52,570,421 (A3)</u>
Assets Acquired Under Capital Leases:	\$ -	
General Fund 10 Assets Acquired Under Capital Leases reported on Exhibit C-1a	<u>\$ - (A4)</u>	
Add: General Fund & State Resources Portion of Fund 15 Assets Acquired under Capital Leases:		
Assets Acquired Under Capital Leases in Fund 15 reported on Exhibit C-1a	<u>\$ - (A5)</u>	
Combined General Fund Contribution & State Resources Percent of Fund 15 Resources Reported on Exhibit D-2	<u>96.63% (A6)</u>	
General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5)*(A6)]	<u>\$ - (A7)</u>	
Total Assets Acquired Under Capital Leases [(A4)+(A7)]		<u>\$ - (A8)</u>
2022-23 General Fund Expenditures [(A2)-(A3)-(A8)]		<u>\$ 327,163,413 (A9)</u>
2% of Adjusted 2022-23 General Fund Expenditures [(A9) times .04]		<u>\$ 6,543,268 (A10)</u>
Enter Greater of (A10) or \$250,000		<u>\$ 6,543,268 (A11)</u>
Increased by: Allowable Adjustment*		<u>\$ 1,306,108 (K)</u>
Maximum Unassigned/Undesignated - Unreserved Fund Balance [(A11) + (K)]		<u>\$ 7,849,376 (M)</u>

TRENTON BOARD OF EDUCATION

EXCESS SURPLUS CALCULATION

JUNE 30, 2023

SECTION 2

Total General Fund - Fund Balances at June 30, 2023 (Per ACFR Budgetary Comparison Schedule C-1)	\$ <u>79,228,066</u>	(C)
Decreased by:		
Year-end Encumbrances	\$ <u>6,813,136</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____	(C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>4,304,333</u>	(C3)
Other Restricted/Reserved Fund Balances****	\$ <u>17,782,009</u>	(C4)
Assigned - Designated for Subsequent Year's Expenditures	\$ _____	(C5)
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	 \$ <u>50,328,588</u>	 (U)

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0-	\$ <u>42,479,212</u>	(E)
 Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	 \$ <u>4,304,333</u>	 (C3)
Reserved Excess Surplus *** [(E)]	\$ <u>42,479,212</u>	(E)
 Total Excess Surplus [(C3)+(E)]	 \$ <u>46,783,545</u>	 (D)

Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:

(H) Federal Impact Aid. The passage of P.L.2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve – General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);

- (I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);
- (J1) Extraordinary Aid;
- (J2) Additional Nonpublic School Transportation Aid;
- (J3) Recognized current year School Bus Advertising Revenue; and
- (J4) Family Crisis Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____	(H)
Sale & Lease-back	\$ _____	(I)
Extraordinary Aid	\$ <u>1,223,116</u>	(J1)
Additional Nonpublic School Transportation Aid	\$ <u>82,992</u>	(J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____	(J3)
Family Crisis Transportation Aid	\$ _____	(J4)
Maintenance of Equity Aid and State Military Impact Aid Received July 2023	\$ _____	(J5)
 Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	 \$ <u>1,306,108</u>	 (K)

TRENTON BOARD OF EDUCATION

EXCESS SURPLUS CALCULATION

JUNE 30, 2023

** This amount represents the June 30, 2023 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amount must agree to the June 30, 2023 ACFR and the sum of the two lines must agree to Audit Summary Worksheet Line 90030.

**** Amount for Other Restricted/Reserved Fund Balance must be detailed for each source and request for approval to use amounts other than state imposed legal restrictions in the excess surplus calculation must be submitted to the Assistant to the Commissioner - Field Services prior to September 30.

Detail of Other Restricted/Reserved Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$ -
Sale/lease-back reserve	\$ -
Capital reserve (N-1)	\$ 7,486,868
Maintenance reserve (N-2)	\$ 10,295,141
Tuition reserve (N-3)	\$ -
Emergency reserve (N-4)	\$ -
School bus advertising 50% fuel offset reserve - current year (N-5)	\$ -
School bus advertising 50% fuel offset reserve - prior year (N-6)	\$ -
Impact aid general fund reserve (Sections 8002 and 8003) (N-7)	\$ -
Impact aid capital fund reserve (Sections 8007 and 8008) (N-8)	\$ -
Other state/government mandated reserve (N-9)	\$ -
Reserve for unemployment (N-10)	\$ -
Other restricted fund balance not noted above (N-11)	\$ -
Total Other Restricted/Reserved Fund Balance	\$ 17,782,009 (C4)

TRENTON BOARD OF EDUCATION
COUNTY OF MERCER

RECOMMENDATIONS

June 30, 2023

I. **Administration Practices and Procedures**

There are none.

II. **Financial Planning, Accounting and Reporting**

There are none.

III. **School Purchasing Program**

There are none.

IV. **School Food Service**

There are none.

V. **Student Body Activities**

There are none.

VI. **Application for State School Aid**

2023-001 We suggest that the District strengthen its internal controls to ensure that the students listed on the ASSA reports are properly supported by District records and reported correctly.

VII. **Pupil Transportation**

There are none.

VIII. **Facilities and Capital Assets**

There are none.

IX. **Status of Prior Year Audit Findings/Recommendations**

Corrective action has been taken on 2022-001 prior year audit findings.