

TRENTON BOARD OF EDUCATION

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

JUNE 30, 2017

**AUDITOR’S 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 and Position Control Roster	2
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/Improving America’s Schools Act as reauthorized by the No Child Left Behind Act of 2001	3
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	5
Application for State School Aid	5
Pupil Transportation.....	5
Facilities and Capital Assets.....	6
Miscellaneous	6
Follow-up on Prior Year’s Findings	7
Acknowledgment	7
Schedule of Meal Count Activity.....	N/A
Net Cash Resource Schedule	N/A
Schedule of Audited Enrollments	8
Excess Surplus Calculation	11
Audit Recommendations Summary	14



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, 2017, and have issued our report thereon dated November 28, 2017.

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

PKF O'Connor Davies, LLP
November 28, 2017
Cranford, New Jersey

A handwritten signature in black ink that reads "David J. Gannon".

David J. Gannon
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 CAFR.

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	\$1,000,000
James E. Bartolmei	Treasurer	\$1,000,000

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.

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.

Payroll Account 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.

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

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 material 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 material 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

During our review of the financial and accounting records maintained by the Board Secretary, we noted no exceptions.

Treasurer's Records

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

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act of (I.A.S.A.) as reauthorized by the No Child Left Behind Act of 2001 (NCLB).

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under the NCLB.

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

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

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 CAFR.

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 CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects. The study of compliance for the special projects indicated no areas of noncompliance.

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. Subsequent to the 90 grant liquidation period, the District made a modification to the calculation which resulted in additional amounts due which was reimbursed subsequent to that period.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2010 and thereafter, the bid thresholds in accordance with *N.J.S.A. 18A:18A-2* and *18A:18A-3(a)* are \$40,000 with a Qualified Purchasing Agent and \$29,000 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 \$18,800 for 2016-17.

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.

Procedures were performed on a test basis, to indicate if any 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*, as amended.

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

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

School Food Service

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 and appropriate school food service personnel as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims and as to whether the SFA’s expenditures of food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

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

Exhibits reflecting Child Nutrition Program operations are included in the B-4 through B-6 section of the CAFR. The Statement of Revenues, Expenses, and Changes in Fund Net Position (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

Student Body Activities

Our audit procedures included a test of items selected from cash receipts and disbursements for the student activity accounts. This testing did not reveal any material exceptions.

Application for State School Aid (ASSA)

Our audit procedures included a test of information reported in the October 15, 2016 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 without exceptions. The information that was included on the workpapers was verified with immaterial exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained work papers on the prescribed state forms or their equivalent.

The District written procedures appear to be adequate for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2016-2017 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.

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

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.

Miscellaneous

Finding 2017-001:

During our audit we noted instances in which employees responsible for the collection of cash receipts did not either deposit the funds or turn over the funds collected to the Business Office within twenty-four hours of receipt in accordance with Board Policy

Recommendation:

We suggest that the District continue to enforce the guidance set forth in the Board policy as it relates to depositing of funds.

Finding 2017-002:

During the fiscal year the Human Resources Department implemented a monitoring process over the addition to and removal of the District's employees that receive health benefits and related waiver payments and health benefit deductions in order to strengthen its internal control processes. The monitoring process has been successful in identifying instances in which changes in status were not initially processed correctly. Given the size of the District and the number of individuals it employs, the monitoring process is done at periodic times during the year and on rotating basis amongst the bargaining units. As with all internal controls, they are designed to provide reasonable assurance, but not absolute assurance that control objectives are met. Further, the concept of reasonable assurance recognizes that there are cost benefit considerations for determining the frequency an internal control is employed and the size of the population it is employed over. During our testing we did note two instances in which employees were not removed from health benefits in a timely manner, as well as, one employee that was not contributing towards their health benefit deductions.

Recommendation:

We suggest that the District provide additional training to employees responsible for processing changes to employees' health benefit status, as well as, implement additional procedures at the point in the process that the change in status occurs in order to reduce the number of errors that occur. Strengthening the internal controls at the point of the change in benefit status will likely result in the monitoring process having to be employed less frequently.

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

Follow-up on Prior Year's Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective action has been taken on all prior year findings.

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, 2016

	2017-2018 Application for State School Aid (10/15/16 data)						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	Schools	Verification	Verified	Errors	
Full Day Preschool (3 years)	20	-	20	-	-	-	5	-	5	-	-	-	-	-	-	-	-
Full Day Preschool (4 years)	12	-	12	-	-	-	2	-	2	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	984	-	984	-	-	-	15	-	15	-	-	-	-	-	-	-	-
One	982	-	982	-	-	-	25	-	25	-	-	-	-	-	-	-	-
Two	983	-	983	-	-	-	25	-	25	-	-	-	-	-	-	-	-
Three	887	-	887	-	-	-	25	-	25	-	-	-	-	-	-	-	-
Four	715	-	715	-	-	-	26	-	26	-	-	-	-	-	-	-	-
Five	689	-	689	-	-	-	24	-	24	-	-	-	-	-	-	-	-
Six	670	-	670	-	-	-	16	-	16	-	-	-	-	-	-	-	-
Seven	597	-	597	-	-	-	17	-	17	-	-	-	-	-	-	-	-
Eight	600	-	600	-	-	-	25	-	25	-	-	-	-	-	-	-	-
Nine	622	-	622	-	-	-	40	-	40	-	-	-	-	-	-	-	-
Ten	605	1	605	1	-	-	20	-	20	-	-	-	-	-	-	-	-
Eleven	497	9	497	9	-	-	20	-	20	-	-	-	-	-	-	-	-
Twelve	498	17	498	17	-	-	30	-	30	-	-	-	-	-	-	-	-
Post-Graduate	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15 + CR)	77	17	77	17	-	-	3	-	3	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	9,439	44	9,439	44	-	-	318	-	318	-	-	-	-	-	-	-	-
Sp Ed - Elementary	662	-	662	-	-	-	9	-	9	-	-	-	47.0	26.0	26.0	-	-
Sp Ed - Middle School	462	-	462	-	-	-	7	-	7	-	-	-	51.0	32.0	32.0	-	-
Sp Ed - High School	460	7	460	7	-	-	9	-	9	-	-	-	84.0	55.0	55.0	-	-
Subtotal	1,584	7	1,584	7	-	-	25	-	25	-	-	-	182.0	113.0	113.0	-	-
County Vocational - Regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
County Vocational - First Post Secondary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	11,023	51	11,023	51	-	-	343	-	343	-	-	-	182.0	113	113	-	-
Percentage Error					<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>	<u>0.00%</u>				<u>0.00%</u>	

TRENTON BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY (continued)
ENROLLMENT AS OF OCTOBER 15, 2016

	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	Shared
Half Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Full Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Half Day Kindergarten	49	-	49	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Full Day Kindergarten	776	-	776	-	-	-	27	27	-	208	-	208	-	-	-	28.0	28.0	-		
One	922	-	922	-	-	-	34	34	-	272	-	272	-	-	-	25.0	25.0	-		
Two	917	-	917	-	-	-	33	33	-	277	-	277	-	-	-	34.0	34.0	-		
Three	836	-	836	-	-	-	21	21	-	194	-	194	-	-	-	27.0	27.0	-		
Four	678	-	678	-	-	-	24	24	-	121	-	121	-	-	-	18.0	18.0	-		
Five	631	-	631	-	-	-	22	22	-	70	-	70	-	-	-	9.0	9.0	-		
Six	623	-	623	-	-	-	17	17	-	64	-	64	-	-	-	9.0	9.0	-		
Seven	538	-	538	-	-	-	13	13	-	54	-	54	-	-	-	10.0	10.0	-		
Eight	530	-	530	-	-	-	14	14	-	65	-	65	-	-	-	10.0	10.0	-		
Nine	512	-	512	-	-	-	19	18	1	99	-	99	-	-	-	13.0	13.0	-		
Ten	496	1	496	1	-	-	11	11	-	109	-	109	-	-	-	14.0	14.0	-		
Eleven	405	6	405	6	-	-	15	15	-	73	2	73	2	-	-	10.0	10.0	-		
Twelve	385	11	385	11	-	-	12	12	-	39	-	39	-	-	-	8.0	8.0	-		
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Adult H.S. (15 + CR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Adult H.S. (1-14 CR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Subtotal	8,298	18	8,298	18	-	-	262	261	1	1,645	2	1,645	2	-	-	215	215	-		
Sp Ed - Elementary	623	-	623	-	-	-	25	25	-	107	-	107	-	-	-	14	14	-		
Sp Ed - Middle School	428	-	428	-	-	-	16	16	-	14	-	14	-	-	-	3	3	-		
Sp Ed - High School	388	7	388	7	-	-	15	15	-	6	-	6	-	-	-	-	-	-		
Subtotal	1,439	7	1,439	7	-	-	56	56	-	127	-	127	-	-	-	17	17	-		
County Vocational - Regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
County Vocational - First Post Secondary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total	9,737	25	9,737	25	-	-	318	317	1	1,772	2	1,772	2	-	-	232	232	-		

Percentage Error 0.00% 0.00% 0.31% 0.00% 0.00% 0.00%

	Reported on DRTRS by DOE/County		Reported on DRTRS by District		Errors	Tested	Verified	Errors		Reported	Reduced
Regular - Public School	2,143.0		2,143.0	-		148	148	-			
Non-Public Transportation	237.0		237.0	-		16	16	-			
AIL Non Public	196.0		196.0	-		14	14	-			
Regular Special Education	4.0		4.0	-		-	-	-	Average mileage - regular including Grade PK students	4.0	4.0
Special Needs	1,808.0		1,808.0	-		125	125	-	Average mileage - regular excluding Grade PK students	4.0	4.0
Totals	4,388.0		4,388.0	-		303	303	-	Average mileage - special education with special needs	3.7	3.7

Percentage Error 0.00% 0.00%

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

ENROLLMENT AS OF OCTOBER 15, 2016

	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	45.0	45.0	-	3.0	3.0	-
One	16.0	16.0	-	1.0	1.0	-
Two	11.0	11.0	-	2.0	2.0	-
Three	16.0	16.0	-	5.0	5.0	-
Four	6.0	6.0	-	2.0	2.0	-
Five	8.0	8.0	-	2.0	2.0	-
Six	13.0	13.0	-	2.0	2.0	-
Seven	17.0	17.0	-	4.0	4.0	-
Eight	15.0	15.0	-	2.0	2.0	-
Nine	40.0	40.0	-	5.0	5.0	-
Ten	32.0	32.0	-	5.0	5.0	-
Eleven	14.0	14.0	-	4.0	4.0	-
Twelve	21.0	21.0	-	8.0	8.0	-
Post-Graduate	-	-	-	-	-	-
Adult H.S. (15 + CR)	-	-	-	-	-	-
Adult H.S. (1-14 CR)	-	-	-	-	-	-
Subtotal	<u>254</u>	<u>254</u>	<u>-</u>	<u>45</u>	<u>45</u>	<u>-</u>
Sp Ed - Elementary	3	3	-	6	6	-
Sp Ed - Middle School	1	1	-	1	1	-
Sp Ed - High School	-	-	-	-	-	-
Subtotal	<u>4</u>	<u>4</u>	<u>-</u>	<u>7</u>	<u>7</u>	<u>-</u>
County Vocational - Regular	-	-	-	-	-	-
County Vocational - First Post Secondary	-	-	-	-	-	-
Total	<u>258</u>	<u>258</u>	<u>-</u>	<u>52</u>	<u>52</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

TRENTON BOARD OF EDUCATION

EXCESS SURPLUS CALCULATION

JUNE 30, 2017

SECTION 1

A. 2% Calculation of Excess Surplus

2016-17 Total General Fund Expenditures Reported on Exhibit C-1	\$ <u>267,688,913</u>	(A)
Increased by Applicable Operating Transfers		
Transfer from Capital Outlay to Capital Projects	\$ _____	- (A1a)
Transfer from Capital Reserve to Capital Projects	\$ _____	- (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>1,603,526</u>	(A1b)
2016-17 Adjusted General Fund and Other State Expenditures [(A)+(A1a)-(A1b)]		\$ <u>266,085,387</u> (A2)
Decreased by:		
On-Behalf TPAF Pension & Social Security		\$ <u>24,628,302</u> (A3)
Assets Acquired Under Capital Leases:		
General Fund 10 Assets Acquired Under Capital Leases reported on Exhibit C-1a	\$ _____	- (A4)
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	\$ _____	- (A5)
Combined General Fund Contribution & State Resources Percent of Fund 15 Resources Reported on Exhibit D-2		<u>97.98%</u> (A6)
General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5)*(A6)]	\$ _____	- (A7)
Total Assets Acquired Under Capital Leases [(A4)+(A7)]		\$ _____ - (A8)
2016-17 General Fund Expenditures [(A2)-(A3)-(A8)]		\$ <u>241,457,085</u> (A9)
2% of Adjusted 2016-17 General Fund Expenditures [(A9) times .02]		\$ <u>4,829,142</u> (A10)
Enter Greater of (A10) or \$250,000		\$ <u>4,829,142</u> (A11)
Increased by: Allowable Adjustment*		\$ <u>638,112</u> (K)
Maximum Unassigned Fund Balance [(A11) + (K)]		\$ <u>5,467,254</u> (M)

TRENTON BOARD OF EDUCATION

EXCESS SURPLUS CALCULATION

JUNE 30, 2017

SECTION 2

Total General Fund - Fund Balances at June 30, 2017 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 33,226,718 (C)
Decreased by:	
Year-end Encumbrances	\$ 2,178,183 (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ - (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ 6,264,079 (C3)
Other Restricted/Reserved Fund Balances****	\$ 2,245,871 (C4)
Assigned - Designated for Subsequent Year's Expenditures	\$ 385,368 (C5)
Additional Assigned Fund Balance – Unreserved Designated for Subsequent Year’s Expenditures July 1, 2017- August 1, 2017	\$ - (C6)
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	 <u>\$ 22,153,217 (U)</u>

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0-	 <u>\$ 16,685,963 (E)</u>
Restricted Excess Surplus - Designated for Subsequent Year's Expenditures **	 <u>\$ 6,264,079 (C3)</u>
Restricted Excess Surplus *** [(E)]	<u>\$ 16,685,963 (E)</u>
 Total [(C3)+(E)]	 <u>\$ 22,950,042 (D)</u>

Footnotes:

- * This adjustment line (line (K) as detailed below) is to be utilized for Impact Aid, Sale, Lease-back, Extraordinary Aid, Additional Nonpublic School Transportation Aid, and recognized current year School Bus Advertising Revenue, if applicable. Extraordinary Aid and Additional Nonpublic School Transportation Aid for 2016-17 received after June 30 is limited to the amount of revenue recognized in the audit year that was not appropriated.

Detail of Allowable Adjustments

Impact Aid	\$ - (H)
Sale & Lease-back	\$ - (I)
Extraordinary Aid	\$ 599,608 (J1)
Additional Nonpublic School Transportation Aid	\$ 38,504 (J2)
Current Year School Bus Advertising Revenue Recognized	\$ - (J3)
Family Crisis Transportation Aid	\$ - (J4)
 Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	 <u>\$ 638,112 (K)</u>

TRENTON BOARD OF EDUCATION

EXCESS SURPLUS CALCULATION

JUNE 30, 2017

- ** This amount represents the June 30, 2017 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.
- *** Amount must agree to the June 30, 2017 CAFR 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.

- (N-1) Capital reserve at June 30, 2017.
- (N-2) Maintenance reserve minimum required under EFCFA.
- (N-3) Tuition reserve at June 30, 2017.
- (N-4) Emergency reserve at June 30, 2017.
- (N-5) School bus fuel offset reserve - current year - June 30, 2017
- (N-6) School bus fuel offset reserve - prior year - June 30, 2017
- (N-7) Impact Aid general fund reserve at June 30, 2017
- (N-8) Impact Aid capital fund reserve at June 30, 2017

Detail of Other Restricted/Reserved Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$	-
Sale/lease-back reserve	\$	-
Capital reserve (N-1)	\$	-
Maintenance reserve (N-2)	\$	2,245,871
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 Restricted/Reserved Fund Balance not noted above]****	\$	-
Total Other Restricted/Reserved Fund Balance	\$	2,245,871 (C4)

TRENTON BOARD OF EDUCATION
COUNTY OF MERCER

RECOMMENDATIONS

June 30, 2017

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**

There are none.

VII. **Pupil Transportation**

There are none.

VIII. **Facilities and Capital Assets**

There are none.

IX. **Miscellaneous**

2017-001 We suggest that the District continue to enforce the guidance set forth in the Board policy as it relates to depositing of funds.

2017-002 We suggest that the District provide additional training to employees responsible for processing changes to employees' health benefit status, as well as, implement additional procedures at the point in the process that the change in status occurs in order to reduce the number of errors that occur. Strengthening the internal controls at the point of the change in benefit status will likely result in the monitoring process having to be employed less frequently.

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

In accordance with *Government Auditing Standards*, our procedures included a review of the prior year recommendations; however, there were no prior year recommendations.