



**PARSIPPANY-TROY-HILLS SCHOOL DISTRICT
COUNTY OF MORRIS**

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

JUNE 30, 2017

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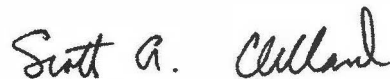
Report of Independent Auditors

Honorable President and Members
of the Board of Education
Parsippany-Troy Hills School District
County of Morris, New Jersey

We have audited, in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Parsippany-Troy Hills School District in the County of Morris for the year ended June 30, 2017, and have issued our report thereon dated November 8, 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 Parsippany-Troy Hills School District's management and Board members and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

November 8, 2017
Livingston, New Jersey

PARSIPPANY-TROY HILLS SCHOOL DISTRICT

**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 J-20, Insurance Schedule contained in the District's CAFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Robin Tedesco	Business Administrator/Board Secretary	\$ 650,000
Lyanna Rios	Treasurer of School Moneys	650,000

There is a Public Employees' Dishonesty Blanket Bond with the School Alliance Insurance Fund covering all other employees with coverage of \$500,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made a proper adjustment ("billing") to sending Districts for the increase (decrease) in per pupil costs in accordance with *N.J.A.C. 6A:23A-17.1(f)3*, which is performed as part of the District's annual budget process.

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.

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

PARSIPPANY-TROY HILLS SCHOOL DISTRICT

**ADMINISTRATIVE FINDINGS-FINANCIAL,
COMPLIANCE AND PERFORMANCE**

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

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

No exceptions were identified during our testing of payroll.

A test of the Position Control Roster found it to be consistent with payroll records, employee benefit records (e.g. pension reports and health benefit coverage reports) and the general ledger accounts to where wages are posted (administrative versus instruction).

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. Subsequent to the end of the fiscal year, the District performed an analysis of accounts payables and open purchase orders and made entries to properly classify the account balances. Our testing identified no discrepancies.

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 and haphazardly 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% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

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

PARSIPPANY-TROY HILLS SCHOOL DISTRICT

**ADMINISTRATIVE FINDINGS-FINANCIAL,
COMPLIANCE AND PERFORMANCE**

Treasurer's Records

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

Unemployment Compensation Insurance Trust Fund

The District has adopted the benefit reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. The financial transactions of this fund are reported in the Fiduciary Fund. During our testing, no exceptions were identified.

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

The E.S.E.A./I.A.S.A./NCLB financial exhibits are contained within the Special Revenue Section of the Comprehensive Annual Financial Report (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./I.A.S.A./N.C.L.B. did not indicate any noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

The District's special projects were approved as listed on Schedules A (K-3) and 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 did not identify any noncompliance.

T.P.A.F. Reimbursement

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

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's final reports for all applicable 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.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT

ADMINISTRATIVE FINDINGS-FINANCIAL, COMPLIANCE AND PERFORMANCE

Non-Public State Aid

Our review of the Non-Public State Aid completion reports disclosed no exceptions.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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 student transportation contracts under *N.J.S.A.* 18A:39-3 is \$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.

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 financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. No exceptions were noted.

The cash receipts and bank records were reviewed on a test basis for timely deposits without exception.

The District utilizes a food service management company (FSMC) and is depositing and expending monies in accordance with *N.J.S.A.* 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract / addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will generate a return of \$100,000. The operating results provision has been met for the year ended June 30, 2017.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified on a test basis. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenses for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

Net cash resources did not exceed three months average expenditures.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT

ADMINISTRATIVE FINDINGS-FINANCIAL, COMPLIANCE AND PERFORMANCE

The District does not have any School Food Services employees authorized by the Board of Education.

The number of meals claimed for reimbursement was compared to sales and meal count records on a test basis. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner. No exceptions were noted.

Applications for free and reduced price meals were reviewed for completeness and accuracy on a test basis. The number of free and reduced price meals claimed as served was compared to the number of valid applications and/or to the list of directly certified students on file, times the number of operating days, on a school by school basis. The free and reduced price meal is uniformly administered throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review. No exceptions were noted.

USDA Food Donation program commodities were received and a separate inventory was maintained on a first-in, first-out basis. No exceptions were noted.

The District maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section B of the CAFR.

During our testing of the food service enterprise fund did not disclose any exceptions.

Student Body Activities

Our review of the student activity funds did not disclose any exceptions.

Application for State School Aid

Our audit procedures included a test of information reported in the October 14, 2016 Application for State School Aid (A.S.S.A.) 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 working papers with no exceptions as identified in the Schedule of Audited Enrollments. The information that was included on the workpapers was verified with no exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

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 with minor exceptions identified, as presented in the Schedule of Audited Enrollments. The results of our procedures are presented in the Schedule of Audited Enrollments.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT

ADMINISTRATIVE FINDINGS-FINANCIAL, COMPLIANCE AND PERFORMANCE

Our procedures also included a review on a test check basis 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, where applicable. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the New Jersey Schools Development Authority (“NJSDA”) grant agreements for consistency with recording NJSDA revenue, transfer of local funds from the general fund or from the capital reserve account and awarding of contracts for eligible facilities construction. No exceptions were noted.

Miscellaneous/Other Suggestions to Management

Information Technology

During our review of the District's IT general controls, we noted the District does not have a formal written disaster recovery plan in place that documents how the District would continue functioning in the event of a disaster to the IT system.

The District should implement a formal written disaster recovery plan in the event of a real disaster and update it on a routine timely basis. We also suggest that the District implement a formal written process for approving, modifying, terminating and reviewing user access.

Follow-up on Prior Year Findings

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

There were no audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC) during the 2017 fiscal year.

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.

**PARSIPPANY-TROY HILLS SCHOOL DISTRICT
FOOD SERVICE FUND
SCHEDULE OF MEAL COUNT ACTIVITY
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -FEDERAL
ENTERPRISE FUND**

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDER CLAIM
National School Lunch (Regular Rate)	Paid	377,194	77,183	77,183	-	\$ 0.30	\$ -
National School Lunch (Regular Rate)	Reduced	20,538	4,251	4,251	-	2.76	-
National School Lunch (Regular Rate)	Free	110,128	22,022	22,022	-	3.16	-
	TOTAL	<u>507,860</u>	<u>103,456</u>	<u>103,456</u>	<u>-</u>		<u>\$ -</u>
National School Lunch	HHFKA - PB Lunch Only	<u>507,860</u>	<u>103,456</u>	<u>103,456</u>	<u>-</u>	0.06	<u>\$ -</u>
School Breakfast (Regular Rate)	Paid	3,216	547	547	-	0.29	\$ -
School Breakfast (Regular Rate)	Reduced	1,714	396	396	-	1.41	-
School Breakfast (Regular Rate)	Free	17,048	3,387	3,387	-	1.71	-
	TOTAL	<u>21,978</u>	<u>4,330</u>	<u>4,330</u>	<u>-</u>		<u>\$ -</u>
Severe Needs Breakfast	Paid	1,428	152	152	-	0.29	\$ -
Severe Needs Breakfast	Reduced	352	60	60	-	1.74	-
Severe Needs Breakfast	Free	760	269	269	-	2.04	-
	TOTAL	<u>2,540</u>	<u>481</u>	<u>481</u>	<u>-</u>		<u>\$ -</u>
Total Net (Over)/Under claim					<u>-</u>		<u>-</u>

**PARSIPPANY-TROY HILLS SCHOOL DISTRICT
FOOD SERVICE FUND
SCHEDULE OF MEAL COUNT ACTIVITY
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - STATE
ENTERPRISE FUND**

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
State Reimbursement - National School Lunch (Regular Rate)	Paid	377,194	77,183	77,183	-	\$ 0.04	\$ -
State Reimbursement - National School Lunch (Regular Rate)	Reduced	20,538	4,251	4,251	-	0.055	-
State Reimbursement - National School Lunch (Regular Rate)	Free	110,128	22,022	22,022	-	0.055	-
	TOTAL	<u>507,860</u>	<u>103,456</u>	<u>103,456</u>			<u>-</u>

Total Net Underclaim

\$ -

PARSIPPANY-TROY HILLS SCHOOL DISTRICT

NET CASH RESOURCE SCHEDULE

**Net cash resources did not exceed three months of expenditures
Proprietary Funds - Food Service
Year ended June 30, 2017**

<u>Net Cash Resources:</u>		<u>Food Service B - 4/5</u>	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 327,478
B-4		Accounts Receivable - State	1,389
B-4		Accounts Receivable - Federal	35,798
B-4		Accounts Receivable - Other	1,047
CAFR		Current Liabilities	
B-4		Less Accounts Payable	<u>(43,638)</u>
		Net Cash Resources	<u><u>\$ 322,074</u></u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	\$ 2,562,331	
B-5	Less Depreciation	<u>(54,692)</u>	
	Adj. Tot. Oper. Exp.	<u><u>\$ 2,507,639</u></u>	(B)

Average Monthly Operating Expense:

B / 10	<u><u>\$ 250,764</u></u>	(C)
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Three times monthly Average:

3 X C	<u><u>\$ 752,292</u></u>	(D)
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TOTAL IN BOX A	\$ 322,074
LESS TOTAL IN BOX D	<u>\$ 752,292</u>
NET	<u><u>\$ (430,218)</u></u>

From above:

**A is greater than D, cash exceeds 3 X average monthly operating expenses.
D is greater than A, cash does not exceed 3 X average monthly operating expenses.**

* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 14, 2016

	2017-18 Application for State School Aid (10/14/16 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 Veri- fication	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool 3 Years Old	46		46				7		7							
Full Day Preschool 3 Years Old																
Half Day Preschool 4 Years Old	60		60				7		7							
Full Day Preschool 4 Years Old																
Half Day Kindergarten																
Full Day Kindergarten	448		448				12		12							
One	494		494				16		16							
Two	499		499				13		13							
Three	476		476				12		12							
Four	462		462				11		11							
Five	468		468				18		18							
Six	466		466				25		25							
Seven	492		492				38		38							
Eight	460		460				33		33							
Nine	417		417				20		20							
Ten	402		402				19		19							
Eleven	408	7	408	7			25		25							
Twelve	419	9	419	9			35		35							
Subtotal	6,017	16	6,017	16	-	-	291	-	291	-	-	-	-	-	-	-
Special Ed - Elementary	389		389				3		3				29	29	24	
Special Ed - Middle School	237		237				10		10				21	21	12	
Special Ed - High School	296	18	296	18			8	-	8	-			39	39	31	
Subtotal	922	18	922	18	-	-	21	-	21	-	-	-	89	89	67	-
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	6,939	34	6,939	34	-	-	312	-	312	-	-	-	89	89	67	-
Percentage Error					0.00%	0.00%					0.00%	0.00%				0.00%

Notes to Auditor:

- (a) Sample size obtained from table in Section I, Chapter 3 of the Audit Program. Amount tested for each category obtained from workpapers provided by district.
- (b) Sample size based on total contracts using the table in Section I, Chapter 3 of the Audit Program.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY (continued)

ENROLLMENT AS OF OCTOBER 14, 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 Test Score and Register	Sample Errors
Half Day Preschool			-									
Full Day Preschool			-									
Half Day Kindergarten			-									
Full Day Kindergarten	53	53	-	16	16	-	21	21	-	11	11	-
One	60	60	-	16	16	-	27	27	-	12	12	-
Two	75	75	-	18	18	-	18	18	-	7	7	-
Three	63	63	-	16	16	-	16	16	-	5	5	-
Four	71	71	-	14	14	-	6	6	-	3	3	-
Five	71	71	-	15	15	-	5	5	-	4	4	-
Six	60	60	-	12	12	-	2	2	-	1	1	-
Seven	57	57	-	14	14	-	6	6	-	2	2	-
Eight	52	52	-	12	12	-	3	3	-	2	2	-
Nine	66	66	-	14	14	-	7	7	-	3	3	-
Ten	60	60	-	12	12	-	4	4	-	3	3	-
Eleven	69	69	-	12	12	-	8	8	-	3	3	-
Twelve	73	73	-	15	15	-	4	4	-	4	4	-
Subtotal	830	830	-	186	186	-	127	127	-	60	60	-
Special Ed - Elementary	94	94	-	26	26	-	6	6	-	2	2	-
Special Ed - Middle	71	71	-	24	24	-	3	3	-	1	1	-
Special Ed - High	85	85	-	18	18	-	-	-	-	-	-	-
Subtotal	250	250	-	68	68	-	9	9	-	3	3	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	1,079	1,079	-	254	254	-	136	136	-	63	63	-
Percentage Error			0.00%			0.00%			0.00%			0.00%

	Transportation						Reg Avg.(Mileage) = Regular Including Grade PK students	Reg Avg.(Mileage) = Regular Excluding Grade PK students	Spec Avg. = Special Ed with Special Needs	Reported	Recalculated
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors					
Reg. - Public Schools	1,530	1,530		178	178		3.5		3.5		
Reg -SpEd	340	340		40	40		3.5		3.5		
Transported - Non-Public	65	65		8	8		5.5		5.5		
AIL-Non-Public	244	244		29	29						
Special Ed- Sp. Needs- Private	306	306		36	36						
Totals	2,485	2,485	-	291	291	-					
Percentage Error			0.00%			0.00%					

PARSIPPANY-TROY HILL SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 14, 2016

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as NOT Low Income</u>	<u>Reported on Workpapers as NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Preschool						
Full Day Preschool						
Half Day Kindegarten						
Full Day Kindergarten	85	85	-	41	41	-
One	65	65	-	31	31	-
Two	45	45	-	23	23	-
Three	35	35	-	15	15	-
Four	9	9	-	5	5	-
Five	8	8	-	3	3	-
Six	10	10	-	5	5	-
Seven	7	7	-	3	3	-
Eight	4	4	-	1	1	-
Nine	3	3	-	2	2	-
Ten	3	3	-	1	1	-
Eleven	2	2	-	-	-	-
Twelve	1	1	-	-	-	-
Subtotal	<u>277</u>	<u>277</u>	<u>-</u>	<u>130</u>	<u>130</u>	<u>-</u>
Special Ed - Elementary	5	5	-	3	3	-
Special Ed - Middle	1	1	-	1	1	-
Special Ed - High	1	1	-	-	-	-
Subtotal	<u>7</u>	<u>7</u>	<u>-</u>	<u>4</u>	<u>4</u>	<u>-</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>284</u>	<u>284</u>	<u>-</u>	<u>134</u>	<u>134</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

PARSIPPANY-TROY HILLS SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

JUNE 30, 2017

SECTION 1

A. 2% Calculation of Excess Surplus

2016-17 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>152,543,331</u>	(B)
Increased by:		
Transfer from Capital Reserve to Capital Projects	\$ _____	- (B1a)
Transfer from Capital Outlay to Capital Projects	\$ _____	- (B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ _____	- (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ _____	- (B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ <u>15,893,268</u>	(B2a)
Assets Acquired Under Capital Leases	\$ <u>440,000</u>	(B2b)
Adjusted 2016-17 General Fund Expenditures [(B) + (B1s) - (B2s)]	\$ <u>136,210,063</u>	(B3)
2% of Adjusted 2016-17 General Fund Expenditures [(B3) times .02]	\$ <u>2,724,201</u>	(B4)
Enter Greater of (B4) or \$250,000	\$ <u>2,724,201</u>	(B5)
Increased by: Allowable Adjustment*	\$ <u>52,503</u>	(K)
Maximum UnassignedUndesignated - Unreserved Fund Balance [(B5) + (K)]	\$ <u>2,776,704</u>	(M)

SECTION 2

Total General Fund - Fund Balances at 6-30-17 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>10,712,102</u>	(C)
Decreased by:		
Assigned-Year End Encumbrances	\$ <u>156,277</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures - ARRA SEMI	\$ <u>1,819</u>	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ _____	- (C3)
Other Restricted Fund Balances****	\$ <u>1,278,298</u>	(C4)
Assigned Fund Balance-Unreserved- Designated for Subsequent Year's Expenditures	\$ <u>3,088,081</u>	(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)-(C6)]	\$ <u>6,187,627</u>	(U1)

PARSIPPANY-TROY HILLS SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

JUNE 30, 2017

SECTION 3

Restricted Fund Balance - Excess Surplus ***
 [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 3,410,923 (E)

Recapitulation of Excess Surplus as of June 30, 2017

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ _____ - (C3)
Reserved Excess Surplus *** [(E)]	\$ <u>3,410,923</u> (E)
 Total Excess Surplus [(C3)+(E)]	 \$ <u>3,410,923</u> (D)

Footnotes:

* This adjustment line (as detailed below) is to be utilized when applicable for Impact Aid; Sale and Lease-back (Refer to the Audit program, Section II, Chapter 10); Extraordinary Aid; Additional and Nonpublic School Transportation Aid; and recognized current year School Bus Advertising Revenue. Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____ - (H)
Sales & Lease-back	\$ _____ - (I)
Extraordinary Aid	\$ _____ - (J1)
Additional Nonpublic School Transportation Aid	\$ <u>52,503</u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ - (J3)
Family Crisis Transportation Aid	\$ _____ - (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$ <u>52,503</u> (K)

** This amount represents the June 30, 2016 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 must agree to Audit Summary Line 90030.

Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by another type of government, such as the judicial branch of government, must have departmental approval. District requests **** should be submitted to the Division of Administration and Finance prior to September 30.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

JUNE 30, 2017

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$	-
Sale/lease-back reserve	\$	-
Capital reserve	\$	1,014,792
Emergency reserve	\$	263,506
Maintenance reserve	\$	-
Tuition reserve	\$	-
School Bus Advertising 50% Fuel Offset Reserve-current year	\$	-
School Bus Advertising 50% Fuel Offset Reserve-prior year	\$	-
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$	-
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$	-
Other State / government mandated reserve	\$	-
[Other Restricted Fund Balance not noted above]****	\$	-
Total Other Restricted Fund Balance	\$	1,278,298 (C4)