



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

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

JUNE 30, 2018

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	3
• General Classifications	
• Administrative Classifications	
Board Secretary's Records	3
Treasurer's Records.....	4
Unemployment Compensation Insurance Trust Fund.....	4
Elementary and Secondary Education Act as Amended by the Every Student Succeeds Act (ESSA)	4
Other Special Federal and/or State Projects.....	4
T.P.A.F. Reimbursement.....	4
Non-Public State Aid	5
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	5
School Food Service.....	5
Student Body Activities	6
Application for State School Aid	6
Pupil Transportation.....	6
Facilities and Capital Assets	7
Miscellaneous/Other Suggestions to Management.....	7
Testing of Lead of All Drinking Water in Educational Facilities	7
Follow-up on Prior Year Findings.....	7
Acknowledgment	7
Schedule of Meal Count Activity.....	8-9
Schedule of Net Cash Resources.....	10
Schedule of Audited Enrollments.....	11-13
Excess Surplus Calculation	14-16
Audit Recommendations Summary	17

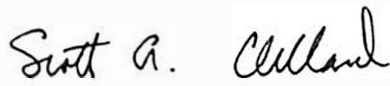
Report of Independent Auditors

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, 2018, and have issued our report thereon dated February 11, 2019.

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

February 11, 2019
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). No exceptions identified.

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 0.00% 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.) 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 Comprehensive Annual Financial Report (CAFR). This section of the CAFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended.

The study of compliance for E.S.E.A. 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 \$19,000 for 2017-18.

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, 2018.

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 no exceptions were disclosed.

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 13, 2017 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 2017-2018 District Report of Transported Resident Students ("DRTRS"). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with no 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.

Testing for Lead of All Drinking Water in Educational Facilities

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

Follow-up on Prior Year Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. There were no prior year findings.

The Office of Fiscal Accountability and Compliance (OFAC) issued a report dated May 3, 2018. The report focused on the District's ASSA and DRTRS as of October 15, 2015, Extraordinary Aid and Chapter 192/193. The report concluded that no state aid adjustments to the District's state aid payments were needed. The District adopted a corrective action plan that addressed the OFAC 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.

**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, 2018

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDER CLAIM
National School Lunch (Regular Rate)	Paid	366,836	65,233	65,233	-	\$ 0.31	\$ -
National School Lunch (Regular Rate)	Reduced	26,283	5,054	5,054	-	2.83	-
National School Lunch (Regular Rate)	Free	91,193	16,138	16,138	-	3.23	-
	TOTAL	<u>484,312</u>	<u>86,425</u>	<u>86,425</u>	-		<u>\$ -</u>
National School Lunch	HHFKA - PB Lunch Only	<u>484,312</u>	<u>86,425</u>	<u>86,425</u>	-	0.06	\$ -
School Breakfast (Regular Rate)	Paid	4,104	839	839	-	0.30	\$ -
School Breakfast (Regular Rate)	Reduced	2,716	558	558	-	1.45	-
School Breakfast (Regular Rate)	Free	25,657	4,717	4,717	-	1.75	-
	TOTAL	<u>32,477</u>	<u>6,114</u>	<u>6,114</u>	-		<u>\$ -</u>
Severe Needs Breakfast	Paid	479	894	894	-	0.30	\$ -
Severe Needs Breakfast	Reduced	137	26	26	-	1.79	-
Severe Needs Breakfast	Free	5,499	91	91	-	2.09	-
	TOTAL	<u>6,115</u>	<u>1,011</u>	<u>1,011</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, 2018

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
State Reimbursement - National School Lunch (Regular Rate)	Paid	366,836	65,233	65,233	-	\$ 0.05	\$ -
State Reimbursement - National School Lunch (Regular Rate)	Reduced	26,283	5,054	5,054	-	0.055	-
State Reimbursement - National School Lunch (Regular Rate)	Free	91,193	16,138	16,138	-	0.055	-
	TOTAL	<u>484,312</u>	<u>86,425</u>	<u>86,425</u>			<u>-</u>

Total Net (Over)/Underclaim

\$ -

PARSIPPANY-TROY HILLS SCHOOL DISTRICT

NET CASH RESOURCE SCHEDULE

Net cash resources did not exceed three months of expenditures
Enterprise Fund - Food Service
Year ended June 30, 2018

<u>Net Cash Resources:</u>		<u>Food Service B - 4/5</u>		
CAFR	*	Current Assets		
B-4		Cash & Cash Equiv.	\$ 315,797	
B-4		Accounts Receivable - State	1,457	
B-4		Accounts Receivable - Federal	32,600	
B-4		Accounts Receivable - Other	92,578	
CAFR		Current Liabilities		
B-4		Less Accounts Payable	<u>(49,311)</u>	
		Net Cash Resources	<u><u>\$ 393,121</u></u>	(A)

Net Adj. Total Operating Expense:

B-5		Tot. Operating Exp.	\$ 2,703,009	
B-5		Less Depreciation	<u>(52,296)</u>	
		Adj. Tot. Oper. Exp.	<u><u>\$ 2,650,713</u></u>	(B)

Average Monthly Operating Expense:

	B / 10	<u><u>\$ 265,071</u></u>	(C)
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Three times monthly Average:

	3 X C	<u><u>\$ 795,214</u></u>	(D)
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TOTAL IN BOX A	<u>\$ 393,121</u>
LESS TOTAL IN BOX D	<u>\$ 795,214</u>
NET	<u><u>\$ (402,093)</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 13, 2017

	2018-19 Application for State School Aid (10/13/17 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	30		30				6		6							
Full Day Preschool 3 Years Old																
Half Day Preschool 4 Years Old	39		39				6		6							
Full Day Preschool 4 Years Old																
Half Day Kindergarten																
Full Day Kindergarten	513		513				7		7							
One	476		476				16		16							
Two	504		504				9		9							
Three	524		524				15		15							
Four	473		473				12		12							
Five	455		455				16		16							
Six	485		485				27		27							
Seven	487		487				33		33							
Eight	495		495				28		28							
Nine	400		400				22		22							
Ten	430		430				24		24							
Eleven	397	12	397	12			25		25							
Twelve	411	8	411	8			27		27							
Subtotal	6,119	20	6,119	20	-	-	273	-	273	-	-	-	-	-	-	-
Special Ed - Elementary	339		339				12		12				22	20	20	
Special Ed - Middle School	245		245				13		13				13	10	10	
Special Ed - High School	282	27	282	27			14		14	-			42	29	29	
Subtotal	866	27	866	27	-	-	39	-	39	-	-	-	77	59	59	-
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	6,985	47	6,985	47	-	-	312	-	312	-	-	-	77	59	59	-
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 13, 2017

	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	42	42	-	12	12	-	19	19	-	9	9	-
One	63	63	-	13	13	-	25	25	-	13	13	-
Two	56	56	-	16	16	-	23	23	-	6	6	-
Three	69	69	-	12	12	-	18	18	-	4	4	-
Four	50	50	-	15	15	-	13	13	-	6	6	-
Five	55	55	-	15	15	-	4	4	-	7	7	-
Six	63	63	-	11	11	-	7	7	-	2	2	-
Seven	57	57	-	10	10	-	5	5	-	1	1	-
Eight	48	48	-	14	14	-	4	4	-	1	1	-
Nine	54	54	-	12	12	-	3	3	-	1	1	-
Ten	67	67	-	13	13	-	16	16	-	5	5	-
Eleven	57	57	-	11	11	-	8	8	-	3	3	-
Twelve	61	61	-	12	12	-	11	11	-	5	5	-
Subtotal	742	742	-	166	166	-	156	156	-	63	63	-
Special Ed - Elementary	60	60	-	22	22	-	5	5	-	2	2	-
Special Ed - Middle	60	60	-	20	20	-	2	2	-	1	1	-
Special Ed - High	77	77	-	24	24	-	-	-	-	-	-	-
Subtotal	197	197	-	66	66	-	7	7	-	3	3	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	939	939	-	232	232	-	163	163	-	66	66	-
Percentage Error			0.00%			0.00%			0.00%			0.00%

	Transportation						Reported	Recalculated
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors		
Reg. - Public Schools	1,687	1,687		184	184		3.8	3.8
Reg - Special Education	324	324		35	35		3.8	3.8
Transported - Non-Public	72	72		8	8		5.8	5.8
ALL-Non - Public	278	278		30	30			
Special Ed- Sp. Needs- Private	313	313		34	34			
Totals	2,674	2,674	-	291	291	-		
Percentage Error			0.00%			0.00%		

Reg Avg.(Mileage)= Regular Including Grade PK students
 Reg Avg.(Mileage)= Regular Excluding Grade PK students
 Spec Avg. = Special Ed with Special Needs

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

ENROLLMENT AS OF OCTOBER 13, 2017

	<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 Kindergarten						
Full Day Kindergarten	97	97	-	39	39	-
One	71	71	-	25	25	-
Two	54	54	-	27	27	-
Three	44	44	-	18	18	-
Four	19	19	-	7	7	-
Five	8	8	-	2	2	-
Six	5	5	-	3	3	-
Seven	8	8	-	3	3	-
Eight	6	6	-	1	1	-
Nine	6	6	-	2	2	-
Ten	4	4	-	1	1	-
Eleven	4	4	-	-	-	-
Twelve	4	4	-	-	-	-
Subtotal	<u>330</u>	<u>330</u>	<u>-</u>	<u>128</u>	<u>128</u>	<u>-</u>
Special Ed - Elementary	7	7	-	2	2	-
Special Ed - Middle	1	1	-	1	1	-
Special Ed - High	1	1	-	-	-	-
Subtotal	<u>9</u>	<u>9</u>	<u>-</u>	<u>3</u>	<u>3</u>	<u>-</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>339</u>	<u>339</u>	<u>-</u>	<u>131</u>	<u>131</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

PARSIPPANY-TROY HILLS SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

JUNE 30, 2018

SECTION 1

A. 2% Calculation of Excess Surplus

2017-18 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 155,025,230</u>	(B)
Increased by:		
Transfer from Capital Reserve to Capital Projects	<u>\$ -</u>	(B1a)
Transfer from Capital Outlay to Capital Projects	<u>\$ -</u>	(B1b)
Transfer from General Fund to SRF for PreK-Regular	<u>\$ -</u>	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	<u>\$ -</u>	(B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	<u>\$ 18,393,083</u>	(B2a)
Assets Acquired Under Capital Leases	<u>\$ 1,000,000</u>	(B2b)
Adjusted 2017-18 General Fund Expenditures [(B) + (B1s) - (B2s)]	<u>\$ 135,632,147</u>	(B3)
2% of Adjusted 2017-18 General Fund Expenditures [(B3) times .02]	<u>\$ 2,712,643</u>	(B4)
Enter Greater of (B4) or \$250,000	<u>\$ 2,712,643</u>	(B5)
Increased by: Allowable Adjustment*	<u>\$ 1,128,810</u>	(K)
Maximum Unassigned Undesignated - Unreserved Fund Balance [(B5) + (K)]	<u>\$ 3,841,453</u>	(M)

SECTION 2

Total General Fund - Fund Balances at 6-30-18 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 15,092,363</u>	(C)
Decreased by:		
Assigned-Year End Encumbrances	<u>\$ 646,579</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures - ARRA SEMI	<u>\$ -</u>	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>\$ 3,410,923</u>	(C3)
Other Restricted Fund Balances****	<u>\$ 2,333,351</u>	(C4)
Assigned Fund Balance-Unreserved- Designated for Subsequent Year's Expenditures	<u>\$ -</u>	(C5)
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures July 1, 2018 - August 1, 2018	<u>\$ -</u>	(C6)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	<u>\$ 8,701,510</u>	(U1)

PARSIPPANY-TROY HILLS SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

JUNE 30, 2018

SECTION 3

Restricted Fund Balance - Excess Surplus ***
 [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 4,860,057 (E)

Recapitulation of Excess Surplus as of June 30, 2018

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	<u>\$ 3,410,923</u> (C3)
Reserved Excess Surplus *** [(E)]	<u>\$ 4,860,057</u> (E)
Total Excess Surplus [(C3)+(E)]	<u>\$ 8,270,980</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	<u>\$ _____</u> - (H)
Sales & Lease-back	<u>\$ _____</u> - (I)
Extraordinary Aid	<u>\$ 1,028,153</u> (J1)
Additional Nonpublic School Transportation Aid	<u>\$ 100,657</u> (J2)
Current Year School Bus Advertising Revenue Recognized	<u>\$ _____</u> - (J3)
Family Crisis Transportation Aid	<u>\$ _____</u> - (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	<u>\$ 1,128,810</u> (K)

** 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, 2018 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, 2018

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ -
Sale/lease-back reserve	\$ -
Capital reserve	\$ 2,067,845
Emergency reserve	\$ 265,506
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	\$ 2,333,351 (C4)

Audit Recommendations Summary

Year Ended June 30, 2018

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Programs

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

None