

Parsippany-Troy Hills School District

Parsippany
County of Morris
New Jersey

Comprehensive Annual Financial Report
For the Year Ended
June 30, 2017

Parsippany-Troy Hills School District

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

Parsippany-Troy Hills School District
Parsippany, New Jersey

Prepared by Parsippany-Troy Hills
Business Office

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Introductory Section

Robin C. Tedesco
Business Administrator/Board Secretary

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November 8, 2017

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

Dear Board Members and Constituents:

The Comprehensive Annual Financial Report of the Parsippany-Troy Hills School District (the "District") for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the District's organizational chart, a roster of officials and a list of professionals that provide services to the District. The financial section includes the Independent Auditors' Report, the Management's Discussion and Analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, generally presented on a multi-year basis and is unaudited. The District is required to undergo an annual single audit in conformity with the provisions of the Federal Uniform Guidance and New Jersey's OMB Circular NJOMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control over compliance and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES

The Parsippany-Troy Hills School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds and the government-wide financial statements of the District are included in this

report. The Parsippany-Troy Hills School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre K through 12. These include general as well as special education for handicapped children. Considerable emphasis is placed on an ESL program serving appropriate students, while both a basic skills and a gifted and talented program are in place to meet students' needs. The District completed the 2016-2017 fiscal year with an average daily enrollment of 6,993 students, which is a decrease of 21 students from the previous year's average daily enrollment.

The following details the changes in the student enrollment of the District over the past five years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2016-2017	6,993	-0.30%
2015-2016	7,014	0.80%
2014-2015	6,959	-0.80%
2013-2014	7,014	-3.52%
2012-2013	7,270	0.04%

2. ECONOMIC CONDITION AND OUTLOOK

The Township of Parsippany-Troy Hills is home to over 20 million square feet of commercial space. There are 14.5 million square feet of office area, 4 million square feet of industrial/warehouse area and 2 million square feet of retail area. The Parsippany submarket is defined by its highly educated workforce, a highly-developed transportation system and an excellent amenity base. Given the proximity to Newark Liberty International Airport and New York City, the Parsippany submarket has historically been considered an ideal corporate headquarters. The Township has a very strong corporate presence. As stated by Moody's Investor Service, "In 2016 the Township had a strong increase in commercial rental/leasing activity, highlighting the Township's role as a regional employment center." This strong leasing activity has continued in 2017. Ratables continue to rise each year. Residential home, apartment condominium and townhome values have remained stable with the average selling price being around \$390,000. There are three new residential developments being built with occupancy expected throughout the 2018 year. In summary the new housing will include 39 apartment rentals, 48 townhouse rentals, 82 townhouses that will be owned. Although the number of students that will enroll in the Parsippany Schools is unknown, there will be some kind of impact from this development on our schools. The District will keep a close eye on this development's effect on all the schools in Parsippany.

3. MAJOR INITIATIVES

Facilities Management

The District completed a multi year air conditioning project in the 2016-2017 school year installing units at all 10 elementary schools, replaced 4 boilers at 3 schools and completed a partial roof replacement at Parsippany High School partially funded with capital reserve funds. In addition to completing these projects, the District also replaced exterior doors and did several small projects throughout its 14 schools. Due to the age of the buildings in the District as presented in schedule J-18, and as a guide for budgeting facility projects, the District maintains a Five Year Facility Plan listing potential projects to be completed each year.

Financial Planning

The District's administration continues to closely monitor the cost of operations and continues to explore cost efficiencies. While expenditures for employee health care, special education costs and contractual salaries increase well above 2%, the District is limited to a 2% tax levy cap. In order to manage such costs and keeping the overall budget within the limits of the tax levy cap it is important to analyze all costs and investigate all avenues of cost savings. In the 2016-2017 school year the District outsourced substitutes. The District was able to save on the costs of long term substitutes in the hopes of realizing savings in the overall costs associated with substitute teachers, aides, paraprofessional and clerical staff as a whole. As the 2017-2018 school year unfolds, and the District continues to outsource substitutes and streamline the use of subs throughout the District hoping to show even more savings. In order to achieve additional savings and stay within the 2% tax levy increase, the Business Office streamlined every school's budget to maximize supplies and services to students yet keep costs flat. The Business Office plans to continue this practice in upcoming budgets, and looks to streamline other departments throughout the District such as Transportation, Buildings & Grounds and Technology.

Personnel Management

The Office of Human Resources uses established procedures to ensure that all candidates hired in the District have the proper credentials under New Jersey law to perform their job. In order to find the best possible candidates for open positions in the District, the Human Resources Department uses Applitrack to manage all job postings and applications. Once a candidate is chosen the District provides orientation and professional development, if needed, to help acclimate the individual. For certain positions in the District, a newly hired employee is given a mentor to help guide them in their work. As on-going service, in collaboration with the Superintendent's Office as well as the Curriculum Office, the District continues to develop and provide professional development activities so that teachers and support staff can meet District and State requirements throughout their employment.

Personnel policies and specified job descriptions are reviewed and revised as necessary in collaboration with Board's Personnel Committee. The Office of Human Resources is continually

updating and refining the District's employment practices. The District's evaluation process follows the State's observation and evaluation requirements under the NJAchieve law. The District uses the Marshall Model which utilizes mini observations and builds rapport between administrator and teachers. As Marshall notes in *Rethinking Teacher Supervision and Evaluation*, when administrators conduct frequent, informal classroom visits, teachers begin to become more comfortable, and eventually, an honest give-and-take conversation about teaching and learning can take place. An administrator who makes frequent, unannounced visits to a classroom gets to know the teacher's style and abilities. Thus, the administrator is better able to thoughtfully discuss best practice and how it relates to that teacher's instruction.

Educational Program

The Parsippany-Troy Hills Township School District recently approved a smart and forward-thinking Strategic Plan which focuses on creating innovative and rigorous educational experiences for students, coaching students to develop social and emotional skills so they may become self-aware and responsible citizens, and promoting professional growth experiences for the adult learners in the school community. The District has developed a Curriculum Renewal Plan which provides for the thoughtful and thorough review of all curricular offerings. As a result, NJ Learning Standards and *Next Generation Science Standards* have been infused into the instructional program and a rich, balanced literacy program is in place in all grade levels. A broad range of STEM and technology electives are available to middle and high school students.

In order to provide students with an instructional environment in which they can thrive, the District has developed a program for professional staff development that encourages self-directed professional growth in specifically targeted areas of instruction. The District's strong, collaborative ongoing relationship with Montclair State University's Network for Educational Renewal affords an opportunity for free and discounted professional development experiences related to district initiatives and statewide initiatives. Additionally, the District provides teachers with opportunities to learn how to best meet the needs of all learners through best practices and research. A new initiative in 2016-2017 was the use of instructional rounds, a program to facilitate teacher visitations to each other's classrooms to discern best practices. The District looks to continue the implementation of multiple technology-related experiences and training including providing additional training on how integrate Google Apps for Education into the classroom.

4) INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control environment is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

5) BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assigned fund balance at June 30, 2017.

6) ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements," Note 1.

7) OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Wiss & Company, LLP was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Federal Uniform Guidance and New Jersey's OMB Circular NJOMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

8) ACKNOWLEDGMENTS

We would like to express our appreciation to the members of the Parsippany-Troy Hills School District Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,



Barbara Sargent, Ed. D.
Superintendent of Schools



Robin C. Tedesco
Business Administrator/Board Secretary

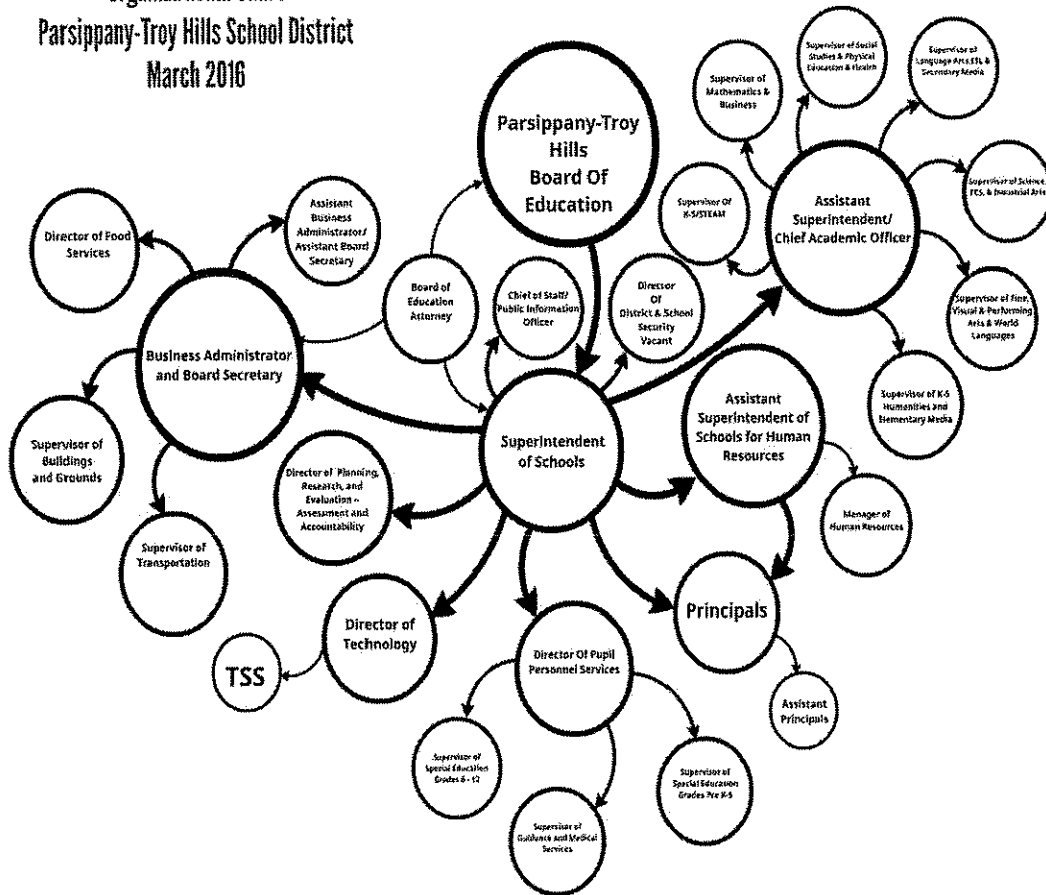
POLICY

PARSIPPANY-TROY HILLS TOWNSHIP SCHOOL DISTRICT

ADMINISTRATION
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Organizational Chart

1110 ORGANIZATIONAL CHART

Organizational Chart
Parsippany-Troy Hills School District
March 2016



Adopted: 8 January 2009
 Revised: 25 August 2011
 Revised: 24 July 2014
 Revised: 22 March 2016



**PARSIPPANY-TROY HILLS SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Frank Neglia, President	2018
Andrew Choffo, Vice President	2017
Timothy Berrios	2017
George Blair	2017
Joseph Cistaro	2019
Alison Cogan	2019
Susy Golderer	2018
Nicholas Kumburis	2019
Judy Mayer	2018

<u>Other Officers</u>	<u>Title</u>
Barbara Sargent, Ed. D	Superintendent of Schools (Effective July 1, 2017)
LeRoy Seitz, Ed.D.	Interim Superintendent of Schools (July 1, 2016-June 30, 2017)
Robin Tedesco	Business Administrator/Board Secretary
Jeffrey Charney, Ed.D.	Interim Assistant Superintendent/Chief Academic Officer
Robert Sutter, Ed.D.	Assistant Superintendent of Human Resources
Nancy Gigante, Ed.D.	Director of Planning, Research & Evaluation-Assessment & Accountability
Barry Haines	Director of Technology
Anthony Giordano	Executive Director of Pupil Personnel Services
Lyanna Rios	Assistant Business Administrator/Board Secretary

PARSIPPANY-TROY HILLS SCHOOL DISTRICT

Independent Auditors and Advisors

June 30, 2017

Attorney

Schenck, Price, Smith & King, LLP

220 Park Avenue

P.O. Box 991

Florham Park, New Jersey 07932

Audit Firm

Wiss & Company, LLP

354 Eisenhower Parkway

Livingston, New Jersey 07039

Official Depository

Wells Fargo Bank

250 Parsippany Road

Parsippany, NJ 07054

State of New Jersey Cash Management Fund

Citi Fund Services

P.O. Box 182218

Columbus, OH 43218-2218

NJ Asset and Rebate Management Program

821 Alexander Road, Suite 110

Princeton, NJ 08540

Bank of America

135 S LaSalle Street, Suite 1840

Chicago, IL 60603

TD Bank

1006 Astoria Blvd.

Cherry Hill, NJ 08034

Financial Section

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Parsippany-Troy Hills School District, County of Morris, New Jersey (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2017 and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of funding progress – post-employment healthcare benefit plan, schedule of employer contributions - post-employment healthcare benefit plan, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, respectively, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information

directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wiss & Company

WISS & COMPANY, LLP

Scott A. Clelland

Scott A. Clelland

Licensed Public School Accountant

No. 1049

November 8, 2017
Livingston, New Jersey

Required Supplementary Information
Part I

Management's Discussion and Analysis

Parsippany-Troy Hills School District Management's Discussion and Analysis

Year ended June 30, 2017

As management of the Parsippany-Troy Hills School District, we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the year ended June 30, 2017. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 - *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current year and the prior year is presented in the MD&A as required by GASB Statement No. 34.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred inflows of resources, liabilities and deferred outflows of resources of the District, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation and sick leave).

The government-wide financial statements can be found on pages 23 – 24 of this report.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund and special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 25 – 27 of this report.

Proprietary funds. The District maintains one proprietary fund type, consisting of two enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the operations of its food service and adult and community education programs.

The basic enterprise fund financial statements can be found on pages 28 – 30 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses trust funds to account for the activity of the private-purpose scholarship fund and unemployment compensation trust fund.

The District uses agency funds to account for resources held for student activities and groups, and payroll related liabilities. The basic fiduciary fund financial statements can be found on pages 31 – 32 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 33 – 72 of this report.

Required Supplementary Information (RSI). The District is required to present certain supplementary information for its participation in a Post-Employment Healthcare Plan and the Public Employees' Retirement System ("PERS") and Teachers' Pension and Annuity Fund ("TPAF"). Schedules of the District's proportionate share of the PERS net pension liability, contributions made to this program and a schedule of the State's proportionate share of the net pension liability related to TPAF are reported as required supplementary information and can be found on pages 73 - 78 of this report.

Other information. The combining statements referred to earlier in connection with governmental funds are presented immediately following the RSI. Combining and individual fund statements and schedules can be found on pages 79 – 122 of this report.

Financial Highlights

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. However, in the case of the District, it does not adequately reflect the District's position. Governmental activities liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$12,588,315 (net position deficit) for the fiscal year ended June 30, 2017. Governmental activities net position decreased in the current year by \$1,517,408.

The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2017 and 2016:

Parsippany-Troy Hills School District
Parsippany, New Jersey
Net Position
June 30,

	2017			2016		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 13,215,592	\$ 1,591,195	\$ 14,806,787	\$ 12,668,864	\$ 2,044,862	\$ 14,713,726
Capital assets, net	74,357,746	556,348	74,914,094	77,078,062	608,450	77,686,512
Total assets	87,573,338	2,147,543	89,720,881	89,746,926	2,653,312	92,400,238
Deferred outflows of resources:						
Pension deferrals	18,057,536		18,057,536	9,802,695		9,802,695
Unamortized deferred loss on refunded debt	2,160,569		2,160,569	2,385,142		2,385,142
Total deferred outflows of resources	20,218,105		20,218,105	12,187,837		12,187,837
Current liabilities	9,551,570	592,711	10,144,281	10,581,131	501,709	11,082,840
Net pension liability	57,271,966		57,271,966	49,572,491		49,572,491
Long-term liabilities outstanding	49,081,467		49,081,467	52,055,018		52,055,018
Total liabilities	115,905,003	592,711	116,497,714	112,208,640	501,709	112,710,349
Deferred inflow of resources:						
Pension deferrals	4,474,755		4,474,755	797,030		797,030
Net position:						
Net investment in capital assets	24,712,844	556,348	25,269,192	22,246,363	608,450	22,854,813
Restricted	4,983,274		4,983,274	5,164,320		5,164,320
Unrestricted (deficit)	(42,284,433)	998,484	(41,285,949)	(38,481,590)	1,543,153	(36,938,437)
Total net position (deficit)	\$ (12,588,315)	\$ 1,554,832	\$ (11,033,483)	\$ (11,070,907)	\$ 2,151,603	\$ (8,919,304)

Governmental activities

Capital assets, net decreased due to depreciation expense exceeding capital asset acquisitions.

The increase in the deferred outflows of resources is the result of the amortization of both the current and prior year's losses on defeasances offset by the increase in the pension deferral component related to GASBs 68 and 71.

Current liabilities decreased due to a decrease in the current portion of obligations offset by a decrease in accounts payable, accrued expenses and unearned revenue.

The net pension liability recorded as of June 30, 2017 is the result of the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions (GASB 68)* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68 (GASB 71)*.

Long-term liabilities decreased mainly due to the scheduled repayment of serial bonds payable and

capital leases.

The largest portion of the District's net position is its net investment in capital assets. Restricted net position includes those that are subject to restrictions (e.g., for capital projects, capital reserve, emergency reserve and excess fund balance in the general fund). Restricted net position decreased during the year ended June 30, 2017 resulting from a decrease in net position restricted for capital projects.

Unrestricted net position decreased as compared to the prior year, mainly as a result of the current year provisions of GASBs 68 and 71.

Business-type activities

The business-type activity net position for the year ended June 30, 2017 of \$1,554,832 decreased from the prior year mainly due to the negative operating results in the 2017 fiscal year of its Adult and Community Education Program.

Changes in Net Position

Government-wide activities. The key elements of the District's changes in net position for the years ended June 30, 2017 and 2016 follow. The following table provides a summary of changes in net position relating to the District's governmental and business-type activities at June 30, 2017 and 2016:

Parsippany-Troy Hills School District
Parsippany, New Jersey
Changes in Net Position
Year ended June 30,

	2017			2016		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 339,572	\$ 3,851,172	\$ 4,190,744	\$ 281,529	\$ 4,357,310	\$ 4,638,839
Operating grants and contributions	2,152,592	805,480	2,958,072	2,788,827	739,830	3,528,657
Capital grants and contributions	250,000		250,000	-		-
General revenues:						
Property taxes	130,899,879		130,899,879	128,386,813		128,386,813
Federal and state aid not restricted to specific purposes	49,505,740		49,505,740	37,599,051		37,599,051
Miscellaneous	650,587		650,587	263,932		263,932
Total revenues	183,798,370	4,656,652	188,455,022	169,320,152	5,097,140	174,417,292
Expenses:						
Instructional	103,068,116	2,691,092	105,759,208	92,828,476	2,103,524	94,932,000
Support services	80,742,014	2,562,331	83,433,106	77,179,912	2,529,796	79,709,708
Charter school	259,712		259,712	338,426		338,426
Special schools						
Interest on long-term debt	1,245,936		1,245,936	1,118,186		1,118,186
Total expenses	185,315,778	5,253,423	190,569,201	171,465,000	4,633,320	176,098,320
Change in net position	(1,517,408)	(596,771)	(2,114,179)	(2,144,848)	463,820	(1,681,028)
Net position (deficit) – beginning of year	(11,070,907)	2,151,603	(8,919,304)	(8,926,059)	1,687,783	(7,238,276)
Net position (deficit)– end of year	\$ (12,588,315)	\$ 1,554,832	\$ (11,033,483)	\$ (11,070,907)	\$ 2,151,603	\$ (8,919,304)

Governmental activities

Property tax revenues increased due to an increase in the school tax levy.

The increase in unrestricted federal and state aid is mainly the result of receiving additional state aid in 2017 as compared to the previous year, mainly attributable to the on-behalf pension benefits paid for by the State on behalf of the District.

Business-type activities

Overall, the net position of the business-type activities decreased by \$596,771 due mainly to negative 2017 operating results in the Adult and Community Education Program. The District continued to utilize the services of an outside food service management company instead of operating the food service operations in-house.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements.

General Fund. The general fund is the main operating fund of the District. At the end of the current fiscal year, unassigned fund balance was \$2,314,752, while the total fund balance was \$10,250,150. The net change in total fund balance for the General Fund was a decrease of \$830,164, which was mainly attributable to the District utilizing prior year fund balance to offset appropriations.

Special Revenue Fund. The special revenue fund is used to track the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes, other than debt service or capital projects. Revenue and expenditures for the current fiscal year were comparable to the prior fiscal year, with a decrease of \$386,235 attributable mostly to a decrease in federal grants expended. IDEA continues to be the largest grant in the special revenue fund, with expenditures in the current fiscal year of \$1,537,925.

Capital Projects Fund. The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other assets (other than those financed by proprietary funds). There were no expenditures in the current fiscal year compared to expenditures of \$2,773,307 in the prior year. The decrease was mainly due to the completion of the ESIP project in the prior year.

Debt Service Fund. The debt service fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The fund balance in the debt service fund is \$2,069.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, Special Revenue Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2017, and the increases in relation to prior year. The Capital Projects Fund has been excluded as amounts vary substantially from year to year.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2016	Percent of Increase (Decrease)
Local sources	\$131,907,953	84.02%	\$ 2,951,660	2.29%
State sources	22,823,032	14.54	2,275,282	11.07
Federal sources	2,267,535	1.44	(411,317)	(15.35)
Total	\$156,998,520	100.00%	\$ 4,815,625	3.16%

The increase in local sources is mainly attributable to the increase in the local tax levy.

The increase in state sources is mainly attributable to an increase in state aid during the current year as compared with the prior year, mainly from the on-behalf pension benefits paid by the State on behalf of the District. The decrease in federal sources is due to decreases in IDEA and Title I, Title II and Title III in the current year compared to prior year.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2017, and the increases and decreases related to the prior year. The Capital Projects Fund has been excluded as amounts vary substantially from year to year.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2016	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$ 57,550,531	36.35%	\$ 857,636	1.51%
Support services	93,267,555	58.90	3,144,526	3.49
Capital outlay	3,868,125	2.44	(5,150,016)	(57.11)
Charter schools	259,712	0.16	(78,714)	(23.26)
Debt service:				
Principal	1,900,000	1.20	100,000	5.56
Interest	1,495,213	0.95	(62,565)	(4.02)
Total	\$158,341,136	100.00%	\$ (1,189,133)	(0.75)%

The increase in instruction and undistributed is mainly attributable to the increase in salaries and an increase in the on-behalf post-retirement benefit contributions paid by the State on behalf of the District offset by a reduction of health benefit expenditures due to the increased contributions from employees related to health benefits.

The decrease in capital outlay is attributable to the District completing fewer capital projects in fiscal year 2017 than in fiscal year 2016.

General Fund Budgetary Highlights

Budgetary transfers were made between budgetary line items and approved by the Board for various reasons including:

- Total student transportation services - an increase of \$909,579 is due to the District having to go out for bid for transportation services. The CPI did not allow the District to renew the prior year's bid.
- Total undistributed instruction – custodial services - an increase of \$785,494 is due to the increase in the amount needed to fund the principal in the ESIP project.

There were also certain variances between the final budget and the actual expenditures that are explained below:

- Total instruction – regular programs – a positive variance of \$478,097 is the result of cutting back on general supplies and purchasing of text books due to budget constraints.
- Total undistributed instruction for tuition – a positive variance of \$475,721 is mainly attributable to the actual tuition costs which were lower than anticipated due to less tuition to private school for the disabled.
- Total support services – general administration – a positive variance of \$450,986 is the

result of cutting costs in communications and telephone services.

- Total facilities acquisition and construction services – a positive variance of \$2,194,818 which is mainly attributable to construction projects not being completed.

Capital Assets

At the end of the fiscal years ended June 30, 2017 and 2016, the District had \$74,914,094 and \$77,686,512, respectively, invested in land, construction in progress, land improvements, building and building improvements and machinery and equipment, net of accumulated depreciation or amortization.

	Capital Assets (Net of Depreciation)			
	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Land	\$ 3,956,475	\$ 3,956,475		
Land improvements	3,410,626	3,616,097		
Construction in Progress	519,533	181,320		
Building and building improvements	63,006,472	65,508,724		
Machinery and equipment	3,464,640	3,815,446	\$ 556,348	\$ 608,450
Total	\$ 74,357,746	\$ 77,078,062	\$ 556,348	\$ 608,450

The decrease in land improvements, building and building improvements and machinery and equipment is mainly due to depreciation expense exceeding additions during the 2017 fiscal year. The increase in construction in progress is due to ongoing generator projects that were not completed.

For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration

At June 30, 2017, the District had \$54,521,324 of outstanding long-term liabilities. Of this amount, \$1,076,710 is for compensated absences; \$35,914,154 of serial bonds including an unamortized premium on bonds of \$4,344,154; \$639,143 is for other post-employment retirement benefits payable; and \$16,891,317 is for capital leases. In addition, the District had a net pension liability of \$57,271,966 at June 30, 2017.

For more detailed information, refer to Note 5 of the basic financial statements.

Economic Factors and Next Year's Budget

The fiscal outlook in the near term is a concern for most school districts and municipalities, including this one. Top-down changes in funding will require flexibility and very careful planning at the local level. With the continued uncertainty from the State of New Jersey's budget crisis, the adoption of a budget that maintains educational services at a higher level becomes more and more difficult. The District will continue to employ prudent and responsible fiscal practices to maintain its sound financial condition.

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect the financial health in the future:

1. The Board continues its focus on technological upgrades and advancements in instructional opportunities for students and staff. There are increased budgetary allocations through lease purchase to add and/or upgrade technology on all educational levels in the District.
2. The District achieved three year settlements with the paraprofessionals' union (PTHESA) and the administrators' union (APSA). Four year settlements were achieved with the secretaries' union (ESAPTH) and the maintenance, custodial and bus drivers' union (International Association of Industrial Workers – Local 32). Currently, the District is preparing to enter negotiations with the teachers' union (PTHEA) and the administrators' union (APSA) as those collective bargaining agreements expire June 30, 2018.
3. The District continues to maintain its facilities. In the 2016-2017 school year, the District partially replaced one high school roof, completed installing air conditioner units at all elementary schools and replaced four boilers.

All of the above factors were considered in preparing the District's 2017-18 fiscal year budget.

Requests for Information

This financial report is designed to provide a general overview of the Parsippany-Troy Hills School District finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Board of Education Office, PO Box 52, Parsippany, New Jersey 07054.

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2017.

Parsippany-Troy Hills School District

Statement of Net Position

June 30, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 8,093,369	\$ 1,529,736	\$ 9,623,105
Accounts receivable	2,668,592	38,234	2,706,826
Inventories		23,225	23,225
Restricted assets:			
Cash held with fiscal agent	1,175,333		1,175,333
Cash and cash equivalents	1,278,298		1,278,298
Capital assets, non-depreciable	4,476,008		4,476,008
Capital assets, depreciable, net	69,881,738	556,348	70,438,086
Total assets	<u>87,573,338</u>	<u>2,147,543</u>	<u>89,720,881</u>
Deferred outflows of resources			
Pension deferrals	18,057,536		18,057,536
Unamortized deferred loss on refunded debt	2,160,569		2,160,569
Total deferred outflows of resources	<u>20,218,105</u>		<u>20,218,105</u>
Liabilities			
Accounts payable and accrued liabilities	3,322,866	61,168	3,384,034
Accrued interest payable	724,482		724,482
Payable to state government	52,216		52,216
Unearned revenue	12,149	531,543	543,692
Net pension liability	57,271,966		57,271,966
Current portion of long-term obligations	5,439,857		5,439,857
Noncurrent portion of long-term obligations	49,081,467		49,081,467
Total liabilities	<u>115,905,003</u>	<u>592,711</u>	<u>116,497,714</u>
Deferred inflow of resources			
Pension deferrals	4,474,755		4,474,755
Net position			
Net investment in capital assets	24,712,844	556,348	25,269,192
Restricted for:			
Capital projects	294,053		294,053
Capital reserve	1,014,792		1,014,792
Emergency reserve	263,506		263,506
Excess fund balance	3,410,923		3,410,923
Unrestricted (deficit)	(42,284,433)	998,484	(41,285,949)
Total net position	<u>\$ (12,588,315)</u>	<u>\$ 1,554,832</u>	<u>\$ (11,033,483)</u>

See accompanying notes to the basic financial statements.

Parsippany-Troy Hills School District

Statement of Activities

Year ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
Instruction							
Regular	\$ 71,089,105				\$ (71,089,105)		\$ (71,089,105)
Special education	21,551,188		\$ 1,625,223		(19,925,965)		(19,925,965)
Other instruction	6,598,537				(6,598,537)		(6,598,537)
School sponsored instruction	3,829,286				(3,829,286)		(3,829,286)
Support services:							
Tuition	9,043,014	\$ 339,572	527,369		(8,176,073)		(8,176,073)
Student activities	23,489,540				(23,489,540)		(23,489,540)
Instruction services	7,766,648				(7,766,648)		(7,766,648)
General administration services	1,369,649			\$ 250,000	(1,119,649)		(1,119,649)
School administration services	8,852,596				(8,852,596)		(8,852,596)
Central services	2,776,339				(2,776,339)		(2,776,339)
Admin information technology	2,621,780				(2,621,780)		(2,621,780)
Plant operations and maintenance	15,619,037				(15,619,037)		(15,619,037)
Pupil transportation	9,203,411				(9,203,411)		(9,203,411)
Interest and other charges on long-term debt	1,245,936				(1,245,936)		(1,245,936)
Charter schools	259,712				(259,712)		(259,712)
Total governmental activities	185,315,778	339,572	2,152,592	250,000	(182,573,614)		(182,573,614)
Business-type activities							
Food service	2,562,331	1,872,086	805,480		\$ 115,235		115,235
Adult and community education	2,691,092	1,979,086			(712,006)		(712,006)
Total business-type activities	5,253,423	3,851,172	805,480		(596,771)		(596,771)
Total primary government	\$ 190,569,201	\$ 4,190,744	\$ 2,958,072	\$ 250,000	(182,573,614)	(596,771)	(183,170,385)
General revenues							
Property taxes, levied for general purposes					128,110,712		128,110,712
Property taxes, levied for debt service					2,789,167		2,789,167
State aid not restricted					49,454,200		49,454,200
Federal aid not restricted					51,540		51,540
Investment earnings					7,070		7,070
Miscellaneous income					643,517		643,517
Total general revenues					181,056,206	-	181,056,206
Change in net position					(1,517,408)	(596,771)	(2,114,179)
Net position—beginning (deficit)					(11,070,907)	2,151,603	(8,919,304)
Net position—ending (deficit)					\$ (12,588,315)	\$ 1,554,832	\$ (11,033,483)

Fund Financial Statements

Governmental Funds

Parsippany-Troy Hills School District
Governmental Funds

Balance Sheet

June 30, 2017

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Assets					
Cash and cash equivalents	\$ 7,923,175		\$ 168,125	\$ 2,069	\$ 8,093,369
Accounts receivable:					
State	1,533,229		568,399		2,101,628
Federal		\$ 521,472			521,472
Interfund	738,427				738,427
Other	40,014	5,478			45,492
Restricted assets:					
Cash held with fiscal agents	1,175,333				1,175,333
Cash and cash equivalents	1,278,298				1,278,298
Total assets	<u>\$ 12,688,476</u>	<u>\$ 526,950</u>	<u>\$ 736,524</u>	<u>\$ 2,069</u>	<u>\$ 13,954,019</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 1,438,326	\$ 166,629			\$ 1,604,955
Intergovernmental payables:					
State		52,216			52,216
Interfunds payable		295,956	\$ 442,471		738,427
Other liabilities	1,000,000				1,000,000
Unearned revenue		12,149			12,149
Total liabilities	<u>2,438,326</u>	<u>526,950</u>	<u>442,471</u>		<u>3,407,747</u>
Fund balances:					
Restricted for:					
Capital reserve	1,014,792				1,014,792
Emergency reserve	263,506				263,506
Capital projects			294,053		294,053
Debt service				\$ 2,069	2,069
Excess fund balance-current year	3,410,923				3,410,923
Assigned to:					
Designated for subsequent year expenditures	3,088,081				3,088,081
Designated for subsequent year expenditures - SEMI - ARRA	1,819				1,819
Other purposes	156,277				156,277
Unassigned	2,314,752				2,314,752
Total fund balances	<u>10,250,150</u>		<u>294,053</u>	<u>2,069</u>	<u>10,546,272</u>
Total liabilities and fund balances	<u>\$ 12,688,476</u>	<u>\$ 526,950</u>	<u>\$ 736,524</u>	<u>\$ 2,069</u>	

Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$112,433,236 and the accumulated depreciation is \$38,075,490.	74,357,746
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(724,482)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	13,582,781
Losses arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the new bonds are deferred and amortized over the life of the new bonds.	2,160,569
Net pension liability is not due and payable in the current period and therefore the liability and related deferred outflows and inflows, are not reported in the funds.	(57,271,966)
Accrued pension contributions for the June 30, 2017 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide Statement of Net Position.	(1,717,911)
Other liabilities included in the governmental funds represent a lease that was entered into on June 30, 2017 and is included as a liability in the long-term liability note below	1,000,000
Long-term liabilities, including bonds payable, capital leases, premiums on bonds, other post employment benefits payable liabilities and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(54,521,324)</u>
Net position (deficit) of governmental activities	<u>\$ (12,588,315)</u>

See accompanying notes to the basic financial statements.

Parsippany-Troy Hills School District
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2017

Major Funds

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Local sources:					
Local tax levy	\$ 128,110,712			\$ 2,789,167	\$ 130,899,879
Tuition from individuals	339,572				339,572
Interest	5,554		\$ 1,516		7,070
Miscellaneous	643,519	\$ 19,429			662,948
Total local sources	<u>129,099,357</u>	<u>19,429</u>	<u>1,516</u>	<u>2,789,167</u>	<u>131,909,469</u>
State sources	22,086,574	167,168	(6,443)	569,290	22,816,589
Federal sources	51,540	2,215,995			2,267,535
Total revenues	<u>151,237,471</u>	<u>2,402,592</u>	<u>(4,927)</u>	<u>3,358,457</u>	<u>156,993,593</u>
Expenditures:					
Current:					
Regular instruction	39,263,178				39,263,178
Special education instruction	10,790,667	1,625,223			12,415,890
Other instruction	3,553,680				3,553,680
School sponsored instruction	2,317,783				2,317,783
Support services & undist costs:					
Tuition	8,514,989	527,369			9,042,358
Student services	13,616,939				13,616,939
Instruction services	4,496,247				4,496,247
General administration	959,859				959,859
School administration	4,907,815				4,907,815
Central services	1,622,304				1,622,304
Admin info technology	1,712,591				1,712,591
Plant oper. & maintenance	12,086,546				12,086,546
Pupil transportation	7,734,890				7,734,890
Unallocated benefits	37,088,006				37,088,006
Capital outlay	3,618,125	250,000			3,868,125
Charter school	259,712				259,712
Debt service:					
Principal				1,900,000	1,900,000
Interest				1,495,213	1,495,213
Total expenditures	<u>152,543,331</u>	<u>2,402,592</u>	<u>-</u>	<u>3,395,213</u>	<u>158,341,136</u>
(Deficiency) of revenues (under) expenditures	(1,305,860)	-	(4,927)	(36,756)	(1,347,543)
Other financing sources (uses):					
Capital leases (non-budgeted)	440,000				440,000
Transfers in - Capital projects cancellations	35,696				35,696
Transfers in				1,516	1,516
Transfers out			(37,212)		(37,212)
Total other financing sources (uses)	<u>475,696</u>	<u>-</u>	<u>(37,212)</u>	<u>1,516</u>	<u>440,000</u>
Net change in fund balances	(830,164)	-	(42,139)	(35,240)	(907,543)
Fund balances, July 1	11,080,314		336,192	37,309	11,453,815
Fund balances, June 30	<u>\$ 10,250,150</u>	<u>\$ -</u>	<u>\$ 294,053</u>	<u>\$ 2,069</u>	<u>\$ 10,546,272</u>

The reconciliation of the fund balances of governmental funds to the net position of governmental activities in the statement of activities is presented in the accompanying schedule (B-3).

Parsippany-Troy Hills School District
Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2017

Total net change in fund balances - governmental funds (from B-2)	\$	(907,543)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital assets additions in the period.		
Capital additions	\$ 1,565,085	
Depreciation expense	<u>(4,277,145)</u>	(2,712,060)
In the statement of activities, interest on long-term debt/capital leases is accrued, regardless of when due. In the governmental funds, interest is reported when due. The amount presented is the change from prior year.		
		65,197
Loss on disposition of assets		
		(8,256)
Governmental funds report the effect of refunding transactions when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the current year amortization related to the deferred interest costs.		
		(224,573)
Repayments of bond principal are expenditures in the governmental funds, but the payment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		1,900,000
Governmental funds report the effect of premiums on bonds when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
		408,653
Other Postemployment Benefit (OPEB) payable is reported in the statement of net position but does not require the use of current financial resources and therefore is not reported in the Governmental Funds. The amount presented is the change from prior year.		
		255
Capital Leases entered into by the district are other financing sources in the Governmental Funds, but the acquisition increases long-term liabilities in the statement of net position and is not reported in the the statement of activities.		
		(1,096,069)
Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		4,198,786
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).		
		(19,439)
Certain expenses reported in the statement of activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:		
Pension expense		(3,122,359)
Change in net position of governmental activities (A-2)	\$	<u>(1,517,408)</u>

Proprietary Fund

Parsippany-Troy Hills School District
Proprietary Fund

Statement of Net Position

June 30, 2017

	Major Enterprise Funds		
	Food Service	Adult and Community Education	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 327,478	\$ 1,202,258	\$ 1,529,736
Accounts receivable:			
State	1,389		1,389
Federal	35,798		35,798
Other	1,047		1,047
Inventories	23,225		23,225
Total current assets	<u>388,937</u>	<u>1,202,258</u>	<u>1,591,195</u>
Non-current assets:			
Capital assets:			
Equipment	1,018,468		1,018,468
Accumulated depreciation	(462,120)		(462,120)
Total capital assets, net	<u>556,348</u>		<u>556,348</u>
Total assets	<u>945,285</u>	<u>1,202,258</u>	<u>2,147,543</u>
Liabilities			
Current liabilities:			
Accounts payable	43,638	17,530	61,168
Unearned revenue	3,574	527,969	531,543
Total current liabilities	<u>47,212</u>	<u>545,499</u>	<u>592,711</u>
Net position			
Net investment in capital assets	556,348		556,348
Unrestricted	341,725	656,759	998,484
Total net position	<u>\$ 898,073</u>	<u>\$ 656,759</u>	<u>\$ 1,554,832</u>

Parsippany-Troy Hills School District
Proprietary Fund

Statement of Revenues, Expenses and
Changes in Net Position

Year ended June 30, 2017

	Major Enterprise Funds		Total
	Food Service	Adult and Community Education	
Operating revenues:			
Local sources:			
Daily sales-reimbursable programs	\$ 836,265		\$ 836,265
Daily sales-non reimbursable programs	824,218		824,218
Special event income	211,603		211,603
Adult school income		\$ 1,979,086	1,979,086
Total operating revenues	<u>1,872,086</u>	<u>1,979,086</u>	<u>3,851,172</u>
Operating expenses:			
Cost of sales - reimbursable programs	942,825		942,825
Cost of sales - non-reimbursable programs	224,542		224,542
Salaries and wages	774,781	637,303	1,412,084
Purchased professional/technical services		1,366,787	1,366,787
Other purchased services		49,883	49,883
Rent		356,400	356,400
Employee benefits	173,877	84,335	258,212
Supplies, insurance & other costs	213,694	163,616	377,310
Depreciation expense	54,692		54,692
Management fee	103,101		103,101
Miscellaneous expense	74,819	32,768	107,587
Total operating expenses	<u>2,562,331</u>	<u>2,691,092</u>	<u>5,253,423</u>
Operating (loss)	(690,245)	(712,006)	(1,402,251)
Nonoperating revenues:			
State sources:			
State school lunch program	22,274		22,274
Federal sources:			
National school lunch program	548,320		548,320
National school breakfast program	36,247		36,247
Food donation program	198,639		198,639
Total nonoperating revenues	<u>805,480</u>	<u>-</u>	<u>805,480</u>
Change in net position	115,235	(712,006)	(596,771)
Total net position-beginning	782,838	1,368,765	2,151,603
Total net position-ending	<u>\$ 898,073</u>	<u>\$ 656,759</u>	<u>\$ 1,554,832</u>

Parsippany-Troy Hills School District
Proprietary Fund

Statement of Cash Flows

Year ended June 30, 2017

	Major Enterprise Funds		
	Food Service	Adult and Community Education	Totals
Cash flows from operating activities			
Receipts from customers	\$ 1,870,539	\$ 2,397,984	\$ 4,268,523
Payments for salaries and wages	(774,781)	(637,303)	(1,412,084)
Payments for employee benefits	(173,877)	(84,335)	(258,212)
Payments to suppliers	(1,675,592)	(2,184,418)	(3,860,010)
Net cash (used for) operating activities	<u>(753,711)</u>	<u>(508,072)</u>	<u>(1,261,783)</u>
Cash flows from noncapital financing activities			
State school lunch program	24,609		24,609
National school breakfast program	38,428		38,428
National school lunch program	603,423		603,423
Food donation program	199,363		199,363
Net cash provided by noncapital financing activities	<u>865,823</u>		<u>865,823</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	(2,590)		(2,590)
Net cash used for capital and related financing activities	<u>(2,590)</u>		<u>(2,590)</u>
Net increase (decrease) in cash and cash equivalents	109,522	(508,072)	(398,550)
Cash and cash equivalents, beginning of year	217,956	1,710,330	1,928,286
Cash and cash equivalents, end of year	<u>\$ 327,478</u>	<u>\$ 1,202,258</u>	<u>\$ 1,529,736</u>
Reconciliation of operating (loss) to net cash (used for) operating activities			
Operating (loss)	\$ (690,245)	\$ (712,006)	\$ (1,402,251)
Adjustments to reconcile operating (loss) to net cash (used for) operating activities:			
Depreciation	54,692		54,692
Change in assets and liabilities:			
(Increase) in other accounts receivable	(824)		(824)
(Increase) in inventory	(3,679)		(3,679)
(Decrease) in accounts payable	(113,655)	(214,964)	(328,619)
Increase in unearned revenue		418,898	418,898
Net cash used in operating activities	<u>\$ (753,711)</u>	<u>\$ (508,072)</u>	<u>\$ (1,261,783)</u>

Noncash noncapital financing activities:

The District received \$199,363 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2017.

Fiduciary Funds

Parsippany-Troy Hills School District
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2017

	Unemployment Compensation Trust Fund	Private Purpose Scholarship Trust Funds	Agency Fund
Assets			
Cash and cash equivalents	\$ 1,759,538	\$ 72,573	\$ 1,805,213
Total assets	1,759,538	72,573	\$ 1,805,213
Liabilities			
Accounts payable	19,096		
Due to student groups			\$ 431,151
Payroll deductions and withholdings payable			55,220
Summer savings payable			1,318,842
Total liabilities	19,096		\$ 1,805,213
Net position:			
Held in trust for:			
Unemployment compensation claims	1,740,442		
Scholarships		72,573	
Total net position	\$ 1,740,442	\$ 72,573	

Parsippany-Troy Hills School District
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2017

	<u>Unemployment Compensation Trust Fund</u>	<u>Private Purpose Scholarship Trust Funds</u>
Additions:		
Employee contributions	\$ 178,249	
Donations and interest		\$ 47,881
Total Additions	<u>178,249</u>	<u>47,881</u>
Deductions:		
Unemployment compensation claims	124,957	
Scholarships awarded		34,500
Total Deductions	<u>124,957</u>	<u>34,500</u>
Change in net position	53,292	13,381
Net position, beginning	<u>1,687,150</u>	<u>59,192</u>
Net position, ending	<u>\$ 1,740,442</u>	<u>\$ 72,573</u>

Parsippany-Troy Hills School District
Notes to the Basic Financial Statements

Year ended June 30, 2017

1. Summary of Significant Accounting Policies

The financial statements of the Parsippany-Troy Hills School District (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

A. Reporting Entity

The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board of Education (“Board”) consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the Parsippany-Troy Hills School District in Parsippany, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The primary criterion for including activities within the District’s reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards is whether:

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

- the organization is legally separate (can sue or be sued on their own name);
- the District holds the corporate powers of the organization;
- the District appoints a voting majority of the organization's board;
- the District is able to impose its will on the organization;
- the organization has the potential to impose a financial benefit/burden on the District; or
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District does not have any component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, enterprise funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires all funds be reported as major to promote consistency among school districts in the State of New Jersey.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, capital leases, pension liabilities, and other post-employment benefits, are recorded only when payment is due.

Property taxes, interest, and state aid associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered measurable and available only when the District receives cash.

The District has reported the following major governmental funds:

General Fund: The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the capital outlay sub-fund.

Special Revenue Fund: The District maintains one special revenue fund, which includes the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes, other than debt service or capital projects.

Capital Projects Fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from an Energy Savings Improvement Program (ESIP) capital lease and state aid, and temporary notes or bond proceeds that

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund: The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned to an expenditure for the principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary funds:

Food Service Enterprise Fund: The food service enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Adult and Community Education Enterprise Fund: The adult and community education enterprise fund accounts for all revenues and expenses pertaining to recreational, academic and vocational curriculum offered to residents. The adult and community education enterprise fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund types:

Fiduciary funds of the District include the unemployment compensation and private purpose scholarship trust funds and agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District.

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Trust Funds: The unemployment compensation and private purpose scholarship funds are accounted for in essentially the same manner as governmental funds. The unemployment compensation fund is used to account for contributions from employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. The private purpose scholarship fund is utilized to provide scholarships to students and to account for the related transactions.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Agency Funds (Payroll and Student Activity Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) fees charged to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District enterprise funds are charges for sales of food and tuition. Operating expenses for the enterprise funds include the cost of sales, costs of providing education programs, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports unearned revenue on its balance sheet and statements of net position. Unearned revenue also arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and statements of net position and revenue is recognized.

Ad Valorem (Property) taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." The County Board of Taxation is responsible for the assessment of properties and the Township Tax Collector is responsible for collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for review and approval and are approved by the Board of Education members. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referred in N.J.A.C. 6A:23. The over expenditure in the general fund is due to the inclusion of the non-budgeted on behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over expenditures. All budget amendments must be approved by School Board resolution and certain other require approval by County Superintendent of Schools. Budget amendments were made during the year ended June 30, 2017 and were not significant.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States with the exception of the legally mandated revenue recognition of the last state aid payments for budgetary purposes and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Open encumbrances at year-end are reappropriated in the subsequent year's budget. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts on deposit and short-term investments with original maturities of three months or less.

Investments are stated at fair value in accordance with the Governmental Accounting Standards Board. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

F. Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

G. Inventories

Inventories that benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2017, the unused Food Donation Program commodities of \$3,574 are reported as unearned revenue in the Food Service Enterprise Fund.

H. Capital Assets

Capital assets, which include land, construction in progress, property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair value on the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Depreciable capital assets of the District are depreciated using the straight line method. The following estimated useful lives are used to compute depreciation:

	Estimated Useful Life
Buildings	50 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

See Note 4 for additional information regarding capital assets.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

I. Accrued Salaries and Wages

Certain District employees who provided services to the District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but not disbursed amounts be retained in a separate bank account. As of June 30, 2017, the amount earned by these employees but not disbursed was \$1,318,842 and is included in liabilities – summer savings payable in the fiduciary fund.

J. Deferred Loss on Defeasance of Debt

The deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest and other charges on long-term debt. The amortization expense for the year ended June 30, 2017 amounted to \$224,573 and the remaining balance at June 30, 2017 is \$2,160,569.

K. Compensated Absences

A liability for compensated absences that is attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. The District uses the “vesting method” for estimating its accrued sick and vacation leave liability.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. The amount recorded represents those individuals who have reached retirement age for payment. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the government-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components- the amount due within one year and the amount due in more than one year. The liability for vested compensated absences of the District is recorded in the government-wide financial statements amounted to \$1,076,710 at June 30, 2017. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

L. Unearned Revenue

Unearned revenue in the special revenue fund represents cash, which has been received but not yet earned. Unearned revenue in the adult and community education enterprise fund, represents tuition and fees paid in advance, and in the food service enterprise fund represents inventory on hand of food donation commodities.

M. Long-Term Obligations

In the government-wide financial statements, and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount on a refunding or bond issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as either capital projects fund or debt service fund expenditures in the year of issuance.

N. Net Position

Net position represents the difference between assets, deferred inflows of resources, deferred outflows of resources and liabilities in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net positions are reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

O. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (“GASB 54”) established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government’s highest level of decision-making authority. The District’s highest level of decision-making authority is the Board of Education (the “Board”) and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- 4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- 5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

Of the \$10,250,150 of fund balances in the General Fund at June 30, 2017, \$1,014,792 has been restricted in the capital reserve account, \$263,506 has been restricted in the emergency reserve account, \$3,410,923 has been restricted for excess surplus-current year, \$3,088,081 has been classified as assigned fund balance designated for subsequent years expenditures, \$156,277 of encumbrances is

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

O. Fund Balances

assigned to other purposes, \$1,819 has been classified as assigned fund balance designated for subsequent years expenditures – ARRA- SEMI and \$2,314,752 is unassigned.

The Capital Projects Fund has \$294,053 of fund balance at June 30, 2017 that has been restricted for capital projects.

The Debt Service Fund has \$2,069 of restricted fund balance at June 30, 2017.

P. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has two items that qualify for reporting in this category, including deferred losses from the refunding of debt and deferred amounts related to pensions. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

R. On-Behalf Payments

Revenues and expenditures of the general fund include payments made or reimbursed by the State of New Jersey for social security and post-retirement pension and medical contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased by \$26,804,779 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

S. Calculation of Excess Surplus

The designation for restricted fund balance excess-surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The District has excess fund balance generated during the 2017 fiscal year in the amount of \$3,410,923, which will be utilized in its 2018-19 budget.

T. GASB Pronouncements

GASB Pronouncements implemented in the 2017 Fiscal Year

The GASB issued Statement 77, *Tax Abatement Disclosures* in August 2015. This Statement is intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 31, 2015. As the District is not a taxing government, the Statement did not result in a change in the District's assets, revenues or fund balance. Disclosures were not required as the Township of Parsippany Troy Hills has not entered into any tax abatements.

Recently Issued Accounting Pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB No. 75"). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities. The requirements of this Statement are effective for the District in the 2018 fiscal year and the District has determined that the entire liability will be recorded in the financial statements when available from the New Jersey Division of Pensions and Benefits.

U. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2017 and November 8, 2017, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statement, no items have come to the attention of the District that would require disclosure.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, other post-employment benefits, capital leases and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds. The details of this \$54,521,324 difference are as follows:

Bonds payable	\$ 31,570,000
Premium on bonds	4,344,154
Other post-employment benefit payable	639,143
Capital leases payable	16,891,317
Compensated absences	<u>1,076,710</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 54,521,324</u>

3. Deposits and Investments

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units. New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

3. Deposits and Investments (continued)

Jersey Cash Management Fund (NJCMF) and New Jersey Asset and Rebate Management Fund (NJARM).

New Jersey statutes (GUDPA) require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows.

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

At June 30, 2017, the carrying amount of the District's deposits was \$14,378,701 and the bank balance was \$10,388,504, not including funds deposited in NJARM and NJCMF and funds held with fiscal agent. Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2017 was secured by federal depository insurance. The New Jersey GUDPA covered the bank balance of \$7,809,900. \$2,328,605 of the bank balance of the District's agency accounts are not covered by GUDPA. In addition, the District has restricted cash held with fiscal agents in the amount of \$1,175,333 related to capital leases where the funds are currently held by the lessor.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

3. Deposits and Investments (continued)

Investments

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the School District.
- d. New Jersey Cash Management Fund and New Jersey Asset and Rebate Management Fund.

New Jersey Asset and Rebate Management Fund and New Jersey Cash Management Fund

In order to maximize liquidity, the District utilizes the New Jersey Asset and Rebate Management Fund ("NJARM") and New Jersey Cash Management Fund ("NJCMF") as its investments.

The NJARM, which is an investment pool managed by Public Financial Management Company. NJARM allows governments within the state to pool their funds for investment purposes and the Security and Exchange Commission (SEC) does not restrict the pool. Earnings are allocated to all participants based upon shares held in the pool and distributed on the last day of each month. In addition, the fair value of the District's portion of the pool is the same as the value of its shares. Agencies that participate in the NJARM typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJARM on a daily basis without penalty. At June 30, 2017, the District's balance was \$326,534 with NJARM.

The NJCMF is an investment pool administered by the State of New Jersey, Department of the Treasury and issues separate reports that can be obtained directly from the Department of Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. The pooled shares are equal to the value of the District's shares. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returned that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At June 30, 2017 the District's balance with NJCMF was \$1,008,824.

Custodial Credit Risk: Pursuant to GASB 40, the NJARM and NJCMF, which are a pooled investment, is exempt from custodial credit risk exposure. The District does not have a policy for custodial credit risk.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. NJARM or NJCMF are not rated by a rating agency.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

3. Deposits and Investments (continued)

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. At June 30, 2017, all of the District's investments were invested in the NJARM and NJCMF.

Interest Rate Risk: The District does not have a policy to limit interest rate risk. The average maturity of the District's investments in the NJARM and NJCMF are less than one year.

All of the District's investments are classified as cash equivalents at June 30, 2017.

4. Capital Assets

The following is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2017:

	Beginning Balance	Additions	Dispositions / Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,956,475			\$ 3,956,475
Construction in progress	181,320	\$ 338,213		519,533
Total capital assets, not being depreciated	4,137,795	338,213		4,476,008
Capital assets, being depreciated:				
Land improvements	5,763,610	29,778		5,793,388
Buildings and building improvements	90,357,792	717,220		91,075,012
Machinery, equipment and vehicles	10,754,647	479,874	\$ (145,693)	11,088,828
Total capital assets being depreciated	106,876,049	1,226,872	(145,693)	107,957,228
Less accumulated depreciation for:				
Land improvements	(2,147,513)	(235,249)		(2,382,762)
Buildings and building improvements	(24,849,068)	(3,219,472)		(28,068,540)
Machinery, equipment and vehicles	(6,939,201)	(822,424)	137,437	(7,624,188)
Total accumulated depreciation	(33,935,782)	(4,277,145)	137,437	(38,075,490)
Total capital assets, being depreciated, net	72,940,267	(3,050,273)	(8,256)	69,881,738
Governmental activities capital assets, net	\$ 77,078,062	\$ (2,712,060)	\$ (8,256)	\$ 74,357,746

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

4. Capital Assets (continued)

Depreciation expense was charged to functions/programs of the District as follows:

Instruction	\$ 2,534,841
Student activities	599,765
Instruction services	198,039
Central services	71,455
Plant operations and maintenance	532,358
Pupil transportation	340,687
Total depreciation expense – governmental activities	<u>\$ 4,277,145</u>

The following is a summarization of the business-type activities changes in capital assets for the fiscal year ended June 30, 2017:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Balance</u>
Business-type activities:			
Capital assets, being depreciated:			
Equipment and vehicles	\$ 1,015,878	\$ 2,590	\$ 1,018,468
Less accumulated depreciation for:			
Equipment and vehicles	(407,428)	(54,692)	(462,120)
Total business-type activities capital assets, net	<u>\$ 608,450</u>	<u>\$ (52,102)</u>	<u>\$ 556,348</u>

5. Long-Term Liabilities

During the fiscal year ended June 30, 2017, the following changes occurred in governmental activities long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences payable	\$ 1,057,271	\$ 205,617	\$ 186,178	\$ 1,076,710	\$ 393,969
Bonds payable	33,470,000		1,900,000	31,570,000	1,950,000
Other postemployment benefit payable	639,398		255	639,143	
Premium on bonds	4,752,807		408,653	4,344,154	408,653
Obligations under capital leases	18,994,034	2,096,069	4,198,786	16,891,317	2,687,235
Sub-total	58,913,510	2,301,686	6,693,872	54,521,324	5,439,857
Net pension liability	49,572,491	7,699,475		57,271,966	
Governmental activities long-term liabilities	<u>\$ 108,486,001</u>	<u>\$ 10,001,161</u>	<u>\$ 6,693,872</u>	<u>\$ 111,793,290</u>	<u>\$ 5,439,857</u>

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

5. Long-Term Liabilities (continued)

The District expects to liquidate the balance in its other postemployment retirement benefit liability, compensated absences payable, net pension liability and capital leases with payments made from the District's general fund. Bonds payable will be liquidated with payments from the debt service fund.

Bonds Payable

Bonds are authorized in accordance with State law or by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. The principal and interest of these bonds will be paid from the debt service fund as required by New Jersey statutes.

In August of 2006, the District issued \$47,633,000 of School District Bonds in order to fund the District's renovation of various schools within the school district. The bonds were refunded in 2014 and 2015 and the final principal amount of \$1,900,000 was paid on August 15, 2016.

On April 24, 2014, the District issued \$19,715,000 of school refunding bonds with interest rates ranging between 3.00% and 5.00%. The District issued the bonds to advance refund \$20,350,000 of the outstanding 2006 bonds. The outstanding principal of the defeased debt was repaid in full on August 15, 2016.

On February 26, 2015, the District issued \$12,025,000 of refunding school bonds with an interest rate of 5.00%. The District issued the bonds to advance refund \$13,733,000 of the outstanding 2006 bonds. The outstanding principal of the defeased debt was repaid in full on August 15, 2016.

Principal and interest due on the outstanding bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending June 30:			
2018	\$1,950,000	\$1,424,400	\$3,374,400
2019	2,025,000	1,354,650	3,379,650
2020	2,115,000	1,271,850	3,386,850
2021	2,205,000	1,185,450	3,390,450
2022	2,240,000	1,096,550	3,336,550
2023-2027	11,080,000	3,857,500	14,937,500
2028-2032	9,955,000	1,205,875	11,160,875
	<u>\$31,570,000</u>	<u>\$11,396,275</u>	<u>\$42,966,275</u>

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

5. Long-Term Liabilities (continued)

Bonds Payable – (continued)

Bonds payable at June 30, 2017 are comprised of the following issues:

\$19,715,000, 2014 refunding school bonds are due in annual installments ranging from \$1,950,000 to \$2,265,000 through August 2025 at interest rates ranging from 3.0% to 5.0%.

\$12,025,000, 2015 refunding school bonds are due in annual installments ranging from \$1,690,000 to \$2,070,000 commencing in August 2026 and through August 2031 at an interest rate of 5.0%.

Bonds Authorized But Not Issued

As of June 30, 2017, the District had no authorized but not issued bonds.

Capital Leases Payable

The District has capital leases outstanding for various purposes (maintenance vehicles, buses, improvements and various equipment and an Energy Savings Improvement Plan lease) with rates ranging from 0.00% to 2.75%. The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net future minimum lease payments at June 30, 2017:

	<u>Amount</u>
Fiscal year ending June 30:	
2018	\$ 3,040,347
2019	2,414,796
2020	1,850,529
2021	1,076,679
2022	994,200
2023-2027	4,204,562
2028-2032	4,691,069
2033-2034	<u>1,735,615</u>
Total minimum lease payment	20,007,797
Less amount representing interest	<u>(3,116,480)</u>
Present value of net future minimum lease payments	<u>\$ 16,891,317</u>

On October 4, 2012, the District entered into a capital equipment lease with the TD Equipment Finance for an amount not to exceed \$1,005,000. The lease was issued at a fixed interest rate of 2.75%. Principal payments range from \$203,726 to \$206,527 through August 2017.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

5. Long-Term Liabilities (continued)

Capital Leases Payable (continued)

On December 1, 2012, the Board of Education entered into a capital equipment lease with the TD Equipment Finance for an amount not to exceed \$1,300,000. The lease was issued at a fixed interest rate of 1.4766%. Principal payments range from \$262,544 to \$264,618 through August, 2017.

On August 15, 2013, the Board of Education entered into a capital equipment lease with the TD Equipment Finance for an amount not to exceed \$1,005,000. The lease was issued at a fixed interest rate of 2.10%. Principal payments range from \$200,978 to \$205,221 through August, 2018.

On June 12, 2014, the Board of Education approved a resolution to finance energy conservation measures pursuant to an Energy Savings Improvement Plan ("ESIP") for an amount not to exceed \$14,200,000. A Lease with Bank of America Public Capital Corp ("BOA") was issued on June 26, 2014 in the amount of \$14,200,000. The lease was issued at a fixed interest rate of 2.655%. Semi-annual principal payments range from \$250,920 to \$1,031,000 through July 2033.

On July 15, 2014, the Board of Education entered into a capital equipment lease with TD Equipment Finance for an amount not to exceed \$1,200,000. The lease was issued at a fixed interest rate of 1.5611%. Principal payments range from \$241,625 to \$253,118 through July 2019.

On January 26, 2015, the Board of Education entered into a computer hardware lease with Apple, Inc. for an amount not to exceed \$532,697. The lease was issued at an interest rate of 0.00%. Principal payments are fixed at \$133,174 per year payable on each February 15 through 2018.

On July 1, 2015, the Board of Education entered into a capital equipment lease with Municipal Leasing Consultants for an amount not to exceed \$1,000,000. The lease was issued at an interest rate of 1.499%. Principal payments range from \$220,309 to \$230,366 through August 2019.

On August 28, 2015, the Board of Education entered into a computer hardware lease with Apple, Inc. for an amount not to exceed \$1,370,893. The lease was issued at an interest rate of 0.00%. Principal payments are fixed at \$342,723 per year payable on each August 28 through 2018.

On August 15, 2016, the Board of Education entered into a computer hardware lease with Apple, Inc. for an amount not to exceed \$656,069. The lease was issued at an interest rate of 0.00%. Principal payments are fixed at \$164,017 per year payable on each August 15 through 2019.

On July 13, 2016, the Board of Education entered into an equipment lease with JP Morgan Chase Bank for an amount not to exceed \$440,000. The lease was issued at an interest rate of 1.768%. Remaining principal payments range from \$93,548 to \$98,342 per year payable on each July 1 through 2020.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

5. Long-Term Liabilities (continued)

Capital Leases Payable (continued)

On June 30, 2017, the Board of Education entered into an equipment lease with US Bancorp Government Leasing & Finance for an amount not to exceed \$1,000,000. The lease was issued at an interest rate of 1.762%. Principal payments range from \$193,444 to \$205,533 per year payable on each August 1 through 2021.

6. Pension Plans

Description of Systems

Substantially all of the District's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011.

Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system.

Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Funding Policy

Defined Contribution Retirement Plan

DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in annually through July 2018 that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

The District's actuarially determined contributions to PERS amounted to \$1,723,915, \$1,898,568, and \$1,804,750 for the fiscal years ended June 30, 2017, 2016 and 2015, respectively. During the year ended June 30, 2017, the State of New Jersey contributed \$11,579,261 to the TPAF for post-retirement medical benefits and other pension, disability and insurance costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$4,314,007 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the government-wide and fund financial statements. The employee and employer contributions for the DCRP for the year ended June 30, 2017 were \$195,744 and \$105,720, respectively. For the year ended June 30, 2016, the employee and employer contributions for the DCRP were \$191,917 and \$104,755, respectively. For the year ended June 30, 2015, the employee and employer contributions for the DCRP were \$65,144 and \$15,930, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employee's Retirement System (PERS)

At June 30, 2017, the District reported a liability of \$57,271,966 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2015, which was rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2016, the District's proportion was 0.1933744507 percent, which was a decrease of 0.0274581382 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized full accrual pension expense of \$4,840,270 in the government-wide financial statements. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,065,085	
Changes of assumptions	11,863,692	
Net difference between projected and actual earnings on pension plan investments	2,183,832	
Changes in proportion and differences between District contributions and proportionate share of contributions	1,227,016	\$ 4,474,755
District contributions subsequent to the measurement date	1,717,911	
	<u>\$ 18,057,536</u>	<u>\$ 4,474,755</u>

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

\$1,717,911 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 2,772,438
2019	2,772,441
2020	3,383,101
2021	2,521,064
2022	415,826
	<u>\$ 11,864,870</u>

Additional Information

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.08%
Salary increases	1.65% - 4.15%
	based on age
Thereafter	2.65% - 5.15%
	based on age
Investment rate of return	7.65%

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2015. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Mortality Rates (continued)

In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA.

In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Long-Term Rate of Return (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds / Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability as of June 30, 2017 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	Decrease (2.98%)	Discount Rate (3.98%)	Increase (4.98%)
District's proportionate share of the net pension liability	\$ 70,180,110	\$ 57,271,966	\$ 46,615,174

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information

Collective balances of the Local Group at June 30, 2016 are as follows:

Collective deferred outflows of resources	\$ 8,685,338,380
Collective deferred inflows of resources	\$ 870,133,595
Collective net pension liability - Local group	\$ 29,617,131,759
District's Proportion	0.1933744507%

Collective pension expense for the Local Group for the measurement period ended June 30, 2016 is \$2,830,763,540.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2015 is 5.57 years.

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Teachers Pensions and Annuity Fund (TPAF) (continued)

treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2016 was \$440,728,374. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State's proportionate share of the TPAF net pension liability associated with the District was 0.5602500664% percent, which was a decrease of 0.0000303501% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$33,114,605 for contributions incurred by the State.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Actuarial assumptions

The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.65%

Mortality Rates

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Long-Term Expected Rate of Return (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - Multi Strategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate

The following presents the net pension liability of the State as of June 30, 2016 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it calculated using a discount rate that is 1-percentage point lower (2.22%) or 1-percentage-point higher (4.22%) than the current rate:

	At 1% Decrease (2.22%)	At Current Discount Rate (3.22%)	At 1% Increase (4.22%)
State's proportionate share of the net pension liability associated with the District	\$ 526,328,171	\$ 440,728,374	\$ 370,825,108

Pension plan fiduciary information

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

Additional Information

Collective balances of the Local Group at June 30, 2016 are as follows:

Deferred outflows of resources	\$ 17,440,003,201
Deferred inflows of resources	\$ 195,027,919
Net pension liability	\$ 78,666,367,052

State's proportionate share associated with the District	0.5602500664%
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Collective pension expense of the Local Group for the plan for the measurement period ended June 30, 2016 is \$5,915,082,656.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2015 (the beginning of the measurement period ended June 30, 2016) is 8.3 years.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

7. Post-Retirement Benefits

Funding Policy

P.L. 1987, chapter 384 and P.L. 1990, chapter 6 required Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, chapter 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees eligible for post-retirement medical benefits and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in fiscal year 2017.

The State will set the contribution rate based on the *annual required contribution of the employers* (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2017, 2016 and 2015 were \$5,257,521, \$5,341,085 and \$4,808,669, respectively, which equaled the required contributions for each year. The State's contributions to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

The District follows the accounting provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in accounting for its self-administered post-retirement benefit plan. This statement established guidelines for reporting costs associated with "other postemployment benefits" (OPEB). OPEB costs are calculated based on plan benefits (other than pensions), that the retired employees and their spouses have accrued as a result of their respective years of employment service. Statement No. 45 requires governments to account for other post-employment benefits, primarily health care, on an accrual rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the government-wide statement of activities when a future retiree earns their postemployment benefit rather than when they use their postemployment benefit. To the extent that an entity does not fund their actuarially required contribution, a postemployment benefit liability is recognized on the government-wide statement of net position over time. The requirements of this statement are being implemented

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

7. Post-Retirement Benefits (continued)

prospectively, with the actuarially accrued liability for the benefits at June 30, 2009 (date of transition) being amortized over 30 years. Accordingly, for financial reporting purposes, no liability was reported for the postemployment health care benefits liability at the date of transition.

Plan Description

The District provides postemployment medical benefits, including prescription drug coverage, and vision and dental care, in accordance with state statute to participating retirees and their beneficiaries. As of June 30, 2017, the valuation date, approximately 6 retirees and 2 decedents (of surviving spouses) meet the eligibility requirements put forth in P.L. 1992, c126. The District sponsors and participates in a single-employer defined benefit OPEB plan. The OPEB plan is administered by the District and does not issue a stand-alone financial statement.

Individuals with a minimum of twenty years of service with the District and less than twenty-five years of service with the state of New Jersey are eligible for subsidized medical coverage. A minimum of twenty years of service is required for subsidized dental coverage with no migration to the state plan if exceeding twenty-five years of service.

The obligations of the plan members and the District are established by action of the District pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and members vary depending on the applicable agreement.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The District has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years. An updated valuation was prepared for the 2017 fiscal year. The following table presents the components of the District's annual OPEB cost for the last three years, the amount actually contributed to the Plan and changes in the District's net OPEB obligation to the Plan:

Benefit Obligations and Normal Cost

	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
Actuarial accrued liability (AAL)	\$2,321,680	\$2,321,680	\$2,321,680
Unfunded actuarial accrued liability (UAAL)	\$2,321,680	\$2,321,680	\$2,321,680
Normal cost at beginning of year	\$240,559	\$205,848	\$175,945
Amortization factor based on 30 years	(\$50,136)	(\$15,452)	\$14,451
Annual covered payroll	\$0	\$0	\$0
UAAL as a percentage of covered payroll	0%	0%	0%

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

7. Post-Retirement Benefits (Continued)

Level Dollar Amortization
Calculation of ARC under Entry Age Method

	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
ARC normal cost with interest to end of year	\$240,559	\$205,848	\$175,945
Amortization of unfunded actuarial accrued liability (UAAL) over 30 years with interest at year end	<u>(50,136)</u>	<u>(15,452)</u>	<u>14,451</u>
Total ARC	190,396	190,396	190,396
Interest on net OPEB obligation	14,768	13,413	12,788
Adjustment to OPEB	<u>(28,297)</u>	<u>(25,700)</u>	<u>(24,503)</u>
Annual OPEB cost (expense)	176,867	178,109	178,681
Age adjusted contributions made	(244,649)	(209,348)	(178,936)
Net OPEB obligation - beginning of year	<u>738,419</u>	<u>670,637</u>	<u>639,398</u>
Net OPEB obligation - end of year	<u>\$ 670,637</u>	<u>\$639,398</u>	<u>\$639,143</u>

As of June 30, 2015, 2016 and 2017, the actuarial accrued liability for benefits was \$2,321,680 all of which was unfunded.

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information that shows whether the value of plan assets is increasing or decreasing over time relative to the accrued liabilities for benefits.

Actuarial Valuations

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future including assumptions about future employment, mortality and healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the District and Plan members are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the District and Plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2015, 2016 and 2017 actuarial valuations, the liabilities were computed using the entry age method and level dollar amortization over 30 years of which there were 26 years remaining in the prior year and 25 years remaining this year. The actuarial assumptions

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

7. Post-Retirement Benefits (continued)

include a 2% discount rate and an initial healthcare cost trend rate of 9% leveling off to 5% with 1% annual increments for health care and pharmacy benefits and 4% and 3% for dental and vision leveling off to 3%.

8. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2017 amounted to \$738,427 analyzed as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 738,427	
Special Revenue Fund		\$ 295,956
Capital Projects Fund		442,471
	<u>\$ 738,427</u>	<u>\$ 738,427</u>

The interfunds between the general fund and the special revenue and capital projects funds represent allocations of internally pooled cash from the general fund to liquidate a pooled cash deficit. All interfunds are expected to be liquidated within one year.

9. Economic Dependency

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, would have an effect on the District's programs and activities.

10. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA), in connection with its approved referendum projects. The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

10. Contingent Liabilities (continued)

The District is also involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Board.

11. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District obtains its health and dental coverage through Horizon Blue Cross Blue Shield and Delta Dental, respectively.

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds and does not retain risk of loss. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverages over the past three years. A complete schedule of insurance coverage can be found in the statistical section of this report.

The District is a member of the Pooled Insurance Program of New Jersey (the "Fund"). The public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. However, the District receives only workers' compensation coverage from the Fund. The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The June 30, 2017 audit report for the Fund is not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2016 (latest available) is as follows:

Pooled Insurance
Program of New Jersey

Total Assets	<u>\$ 21,705,138</u>
Net Position	<u>\$ 7,723,169</u>
Total Revenue	<u>\$ 7,946,748</u>

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

11. Risk Management (continued)

Total Expense	<u>\$ 5,476,395</u>
Change in Net Position	<u>\$ 1,019,902</u>
Net Assets Distribution to Participating Members	<u>\$ 1,450,451</u>

Financial statements for the Fund are available at the Fund's Executive Director's Office:

The Burton Agency
 44 Bergen Street
 P.O. Box 270
 Westwood, New Jersey 07675
 (201) 664-0310

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following is a summary of District contributions, employee contributions, reimbursements to the state for benefits paid and the ending balance of the District's unemployment trust fund for the past three years:

	Beginning Balance	Employee Contributions	Amount Paid	Ending Balance
2016-2017	\$ 1,687,150	\$ 178,249	\$ 124,957	\$ 1,740,442
2015-2016	1,646,403	179,996	139,249	1,687,150
2014-2015	1,665,761	168,393	187,751	1,646,403

12. Transfers - Reconciliation

The following presents a reconciliation of transfers during the 2017 fiscal year:

	Transfers In	Transfers Out
General Fund	\$ 35,696	
Debt Service Fund	1,516	
Capital Projects Fund		\$ 37,212
	<u>\$ 37,212</u>	<u>\$ 37,212</u>

The transfer from the Capital Projects Fund to the General Fund represents completed capital projects unexpended funds being returned to the General Fund. The transfer from the Capital Projects Fund to the Debt Service Fund represents interest earned.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

13. Deferred Compensation Plans

The Board offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

The plan administrators are as follows:

403(b) Plan Administrators

ASP
AXA Equitable
Great West Insurance Company
Lincoln Investment Planning
Lincoln Financial Advisors
Metropolitan Insurance Company
Security Benefit/NEA Value Builder
Travelers Insurance

457 Plan Administrators

AXA Equitable
Great West Insurance Company
Lincoln Investment Planning
Lincoln Financial Advisors
Metropolitan Insurance Company
Security Benefit/NEA Value Builder
ASP

Roth 403(b) Plan Administrators

Lincoln Investment Planning

14. Capital Reserve Account

A capital reserve account was established by the District by inclusion of \$150,000 on July 1, 1996 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line – item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

14. Capital Reserve Account (continued)

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Balance, July 1, 2016	\$ 1,590,271
Increased by:	
Completed and cancelled capital projects:	
Capital Projects fund	35,696
General fund – Capital outlay –Unspent appropriation	580,200
Interest	500
Decreased by:	
Appropriated in adopted 2016-17 budget	(1,000,000)
By resolution of the Board of Education	<u>(191,875)</u>
Balance, June 30, 2017	<u>\$ 1,014,792</u>

The balance in the capital reserve at June 30, 2017 did not exceed the balance of the local support costs of uncompleted capital projects in the District's approved LRFP. The withdrawals from the capital reserve account are for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

15. Emergency Reserve Account

An emergency reserve account was established by the District by inclusion of \$322,000 on June 28, 2010 for the accumulation of funds for use as unanticipated general fund expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve account is restricted to be used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the District board of education between June 1st and June 30th. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

The emergency reserve balance at June 30, 2017 and 2016 was \$263,506 and \$263,208, respectively.

16. Restricted Assets

The District has set aside cash and cash equivalents that are classified as restricted assets as they are restricted for use for future capital requirements and emergencies in the general fund.

Parsippany-Troy Hills School District
Notes to the Basic Financial Statements (continued)
Year ended June 30, 2017

17. Commitments

The District has contractual commitments at June 30, 2017 to various vendors, for which \$156,277 is recorded in the general fund as fund balance assigned to other purposes.

Required Supplementary Information
Part II

Parsippany-Troy Hills School District

Required Supplementary Information

Schedule of Funding Progress

Post-Employment Healthcare Benefit Plan

Year ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial* Accrued Liability (AAL) Level Dollar (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Accrued Percentage of Covered Payroll (b-a)/c
June 30, 2015	-	\$2,321,680	\$2,321,680	0%	\$0**	0%
June 30, 2016	-	\$2,321,680	\$2,321,680	0%	\$0**	0%
June 30, 2017	-	\$2,321,680	\$2,321,680	0%	\$0**	0%

* The Actuarial Accrued Liability was calculated using the *Alternative Measurement Method* as permitted under GASB 45.

** Since there are no active employees of the District that are eligible to participate in the plan in fiscal year 2015, 2016 and 2017, as it relates solely to retirees and the enrollment period has expired, the covered payroll is \$0.

Parsippany-Troy Hills School District

Required Supplementary Information

Schedule of Funding Progress

Post-Employment Healthcare Benefit Plan

Year ended June 30, 2017

Fiscal Year Ended	Annual OPEB Cost
6/30/2015	\$ 176,867
6/30/2016	178,109
6/30/2017	178,681

Parsippany-Troy Hills School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Public Employee's Retirement System

Last Ten Fiscal Years

	Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District's proportion of the net pension liability (asset) - Local Group	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.2189206180%	0.2208325889%	0.1933744507%
District's proportionate share of the net pension liability (asset)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 40,987,927	\$ 49,572,491	\$ 57,271,966
District's covered-employee payroll	\$ 12,289,255	\$ 13,319,940	\$ 13,859,127	\$ 14,478,807	\$ 13,957,421	\$ 13,947,204	\$ 14,449,640	\$ 14,655,575	\$ 12,967,062	\$ 13,169,259
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	279.67%	382.30%	434.89%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	N/A	N/A	N/A	N/A	N/A	N/A	N/A	52.08%	47.93%	40.14%

N/A - Information not available

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

See accompanying notes to required supplementary information.

Parsippany-Troy Hills School District
 Required Supplementary Information
 Schedule of District Contributions
 Public Employee's Retirement System

Last Ten Fiscal Years

	Year ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Contractually required contribution	\$ 939,701	\$ 1,014,329	\$ 1,216,633	\$ 1,591,808	\$ 1,723,171	\$ 1,599,257	\$ 1,576,627	\$ 1,804,750	\$ 1,717,911	\$ 1,717,911
Contributions in relation to the contractually required contribution	(939,701)	(1,014,329)	(1,216,633)	(1,591,808)	(1,723,171)	(1,599,257)	(1,576,627)	(1,804,750)	(1,717,911)	(1,717,911)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 13,319,940	\$ 13,859,127	\$ 14,478,807	\$ 13,957,421	\$ 13,947,204	\$ 14,449,640	\$ 14,655,575	\$ 12,967,062	\$ 13,169,259	\$ 12,723,692
Contributions as a percentage of covered-employee payroll	7.05%	7.32%	8.40%	11.40%	12.35%	11.07%	10.76%	13.92%	13.04%	13.50%

See accompanying notes to required supplementary information.

Parsippany-Troy Hills School District
 Required Supplementary Information
 Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District
 Teachers' Pension and Annuity Fund

Last Ten Fiscal Years*

	2015	Year Ended June 30, 2016	2017
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.5599059555%	0.5602804165%	0.5602500664%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 299,251,510	\$ 354,121,149	\$ 440,728,374
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 299,251,510</u>	<u>\$ 354,121,149</u>	<u>\$ 440,728,374</u>
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make a contribution to this plan.

See accompanying notes to required supplementary information.

Parsippany-Troy Hills School District

Notes to Required Supplementary Information
Year Ended June 30, 2017

1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016.

2. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016.

Required Supplementary Information
Part III

Budgetary Comparison Schedules

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Revenues					
Local sources:					
Local tax levy	\$ 128,110,712		\$ 128,110,712	\$ 128,110,712	
Tuition from individuals	225,000		225,000	339,572	\$ 114,572
Interest	1,000		1,800	5,554	4,554
Rents and Royalties	50,000		50,000	44,428	(5,572)
Miscellaneous	149,000		149,000	599,091	450,091
Total revenues - local sources	128,535,712		128,535,712	129,099,357	563,645
State sources:					
Special education categorical aid	3,905,696		3,905,696	3,905,696	
Equalization aid	92,029		92,029	92,029	
Security aid	152,564		152,564	152,564	
Extraordinary aid	300,000	\$ 1,139,711	1,439,711	1,439,711	
Transportation aid	350,265		350,265	350,265	
PARCC readiness aid	69,790		69,790	69,790	
Per pupil growth aid	69,790		69,790	69,790	
Professional learning communication aid	69,460		69,460	69,460	
Additional adjustment aid	1		1	1	
Additional nonpublic transportation aid				52,503	52,503
On-behalf TPAF post-retirement medical (non-budgeted)				5,257,521	5,257,521
On-behalf TPAF long-term disability contributions (non-budgeted)				11,914	11,914
On-behalf TPAF pension contributions (non-budgeted)				6,309,826	6,309,826
Reimbursed TPAF social security contributions (non-budgeted)				4,314,007	4,314,007
Total - state sources	5,009,595	1,139,711	6,149,306	22,095,077	15,945,771
Federal sources:					
Medicaid reimbursement	83,809		83,809	49,721	(34,088)
Medicaid reimbursement - ARRA/SEMI				1,819	1,819
Total - Federal sources	83,809		83,809	51,540	(32,269)
Total revenues	133,629,116	1,139,711	134,768,827	151,245,974	16,477,147
Expenditures					
Current Expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool	137,584	(9,029)	128,555	128,555	
Kindergarten	2,073,612	(78,009)	1,995,603	1,995,603	
Grades 1-5	12,596,058	(1,053,594)	11,542,464	11,542,464	
Grades 6-8	10,543,355	23,659	10,567,014	10,567,014	
Grades 9-12	12,274,623	(635,140)	11,639,483	11,639,483	
Home Instruction:					
Salaries of teachers	83,500	(30,340)	53,160	53,160	
Purchased professional - educational services	120,000	(48,268)	71,732	66,623	5,109
Undistributed Instruction:					
Purchased professional - educational services		1,799,059	1,799,059	1,799,059	
Purchased technical services	65,530	(30,251)	35,279	28,107	7,172
Other purchased services	320,500	(120,398)	200,102	159,700	40,402
General supplies	1,317,745	(285,278)	1,032,467	663,005	369,462
Textbooks	517,547	(41,207)	476,340	443,921	32,419
Other objects	239,720	(39,703)	200,017	176,484	23,533
Total instruction - regular programs	40,289,774	(548,499)	39,741,275	39,263,178	478,097
Special Education: Learning / Language Disabilities:					
Salaries of teachers	1,117,321	(56,927)	1,060,394	1,060,394	
Other salaries for instruction	644,174	(34,776)	609,398	609,398	
Purchased professional - educational services	1,000	87,923	88,923	88,923	
Purchased technical services	14,550	(13,070)	1,480	1,480	
Other purchased services	9,000		9,000	9,000	
General supplies	46,520	(32,409)	14,081	13,994	87
Total learning/language disabilities	1,832,565	(49,259)	1,783,276	1,783,189	87

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Special Education - Behavioral Disabilities:					
Salaries of teachers	\$ 104,089	\$ (5,109)	\$ 98,980	\$ 98,980	
Other salaries for instruction	61,200	(18,200)	43,000	43,000	
Purchased professional - educational services		1,325	1,325	1,325	
General supplies	1,030	(119)	911	911	
Total behavioral disabilities	166,319	(22,103)	144,216	144,216	
Special Education - Multiple Disabilities:					
Salaries of teachers	799,260	193,993	993,253	993,253	
Other salaries for instruction	142,100	(8,013)	134,087	134,087	
Purchased professional - educational services		7,880	7,880	7,880	
General supplies	12,835	(3,514)	9,321	8,412	\$ 909
Textbooks	3,000	(2,074.00)	926	926	
Total multiple disabilities	957,195	188,272	1,145,467	1,144,558	909
Resource Room/Center:					
Salaries of teachers	6,067,371	(153,173)	5,914,198	5,914,198	
Purchased professional - educational services		125,188	125,188	125,188	
General supplies	33,800	(13,504)	20,296	19,543	753
Total resource room/center	6,101,171	(41,489)	6,059,682	6,058,929	753
Special Education - Autism:					
Salaries of teachers	279,532	2,043	281,575	281,575	
Other salaries for instruction	182,999	(62,721)	120,278	120,278	
Purchased professional - educational services		9,942	9,942	9,942	
General supplies	3,860	(498.00)	3,362	3,362	
Total autism	466,391	(51,234)	415,157	415,157	
Special Education - Preschool Disabilities - Part Time:					
Salaries of teachers	651,680	168,213	819,893	819,893	
Other salaries of instruction	326,468	76,719	403,187	403,187	
Purchased professional - educational services		17,012	17,012	17,012	
General supplies	6,435	(1,909)	4,526	4,526	
Total preschool disabilities - part time	984,583	260,035	1,244,618	1,244,618	
Total Special Education - Instruction	10,508,224	284,222	10,792,416	10,790,667	1,749
Basic Skills/Remedial Instruction:					
Salaries of teachers	2,015,819	201,519	2,217,338	2,217,338	
Purchased professional - educational services		17,039	17,039	17,039	
Total basic skills/remedial instruction	2,015,819	218,558	2,234,377	2,234,377	
Bilingual Education - Instruction:					
Salaries of teachers	1,208,164	58,643	1,266,807	1,266,807	
Other salaries of instruction	10,148	(2,603)	7,545	7,545	
Purchased professional - educational services		6,628	6,628	6,628	
General supplies	5,036	(3,461)	1,575	1,575	
Textbooks	2,405	(2,405)			
Total bilingual education - instruction	1,225,753	56,802	1,282,555	1,282,555	
Vocational Programs - Local - Instruction:					
Salaries of teachers	46,419	(6,000)	40,419	33,642	6,777
Other purchased services	1,750		1,750	1,750	
General supplies	15,500		15,500	3,106	12,394
Total vocational programs - local- instruction	63,669	(6,000)	57,669	36,748	20,921
School-Sponsored Cocurricular Activities:					
Salaries	480,780	(49,898)	430,882	430,882	
Purchased services	10,240		10,240	3,427	6,813
Supplies and materials	32,803	(9,501)	23,302	13,604	9,698
Other objects	87,700	66,873	154,573	106,790	47,783
Total school-sponsored cocurricular activities	611,523	7,474	618,997	554,703	64,294

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
School-Sponsored Athletics - Instruction:					
Salaries	\$ 1,317,203	\$ (29,192)	\$ 1,288,011	\$ 1,288,011	
Purchased services	137,125	(5,375)	131,750	118,470	\$ 13,280
Supplies and materials	234,390	(8,542)	225,848	197,296	28,552
Other objects	74,360	18,467	92,827	89,303	3,524
Transfers to cover deficit (Agency funds)	70,000		70,000	70,000	
Total school-sponsored athletics - instruction	1,833,078	(24,642)	1,808,436	1,763,080	45,356
Total Instruction	56,547,840	(12,085)	56,535,725	55,925,308	610,417
Undistributed Instruction:					
Tuition to other LEAs within the state-regular	30,528		30,528		30,528
Tuition to other LEAs within the state-special	250,729	(139,575)	111,154	109,248	1,906
Tuition to county voc. school dist.-regular	1,779,050		1,779,050	1,750,974	28,076
Tuition to county voc. school dist.-special	14,000		14,000	11,900	2,100
Tuition to CSSD and regional day schools	495,360	(9,000)	486,360	440,408	45,952
Tuition to private school for the disabled - within state	6,583,236	(70,425)	6,512,811	6,169,084	343,727
Tuition - state facilities	4,500		4,500	4,500	
Tuition - other	52,307		52,307	28,875	23,432
Total undistributed instruction	9,209,710	(219,000)	8,990,710	8,514,989	475,721
Health Services:					
Salaries	1,354,903	(13,599)	1,341,304	1,341,304	
Purchased professional and technical services	82,000	2,000	84,000	81,912	2,088
Other purchased services	5,000		5,000	1,575	3,425
Supplies and materials	47,294	(17,000)	30,294	14,398	15,896
Other objects	10,000	15,000	25,000	18,488	6,512
Total health services	1,499,197	(13,599)	1,485,598	1,457,677	27,921
Other Support Services-Speech, OT, PT & Related Services:					
Salaries	1,775,807	(108,184)	1,667,623	1,667,623	
Purchased professional - educational services	1,295,000	306,252	1,601,252	1,572,459	28,793
Supplies and materials	3,600	3	3,603	3,380	223
Total other support services-speech, OT, PT & related services	3,074,407	198,071	3,272,478	3,243,462	29,016

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed Expenditures (continued):					
Other support services - students - extra services:					
Salaries	\$ 2,624,604	\$ 140,854	\$ 2,765,458	\$ 2,765,458	
Purchased professional - educational services		407,922	407,922	407,922	
Total other support services - students - extra services	2,624,604	548,776	3,173,380	3,173,380	
Guidance:					
Salaries of other professional staff	2,957,322	(138,800)	2,818,522	2,818,522	
Salaries of secretarial and clerical assistants	304,955	19,866	324,821	324,821	
Purchased professional - educational services	15,000	6,227	21,227	20,608	\$ 619
Supplies and materials	8,821		8,821	3,327	5,494
Total guidance	3,286,098	(112,707)	3,173,391	3,167,278	6,113
Child Study Teams:					
Salaries of other professional staff	2,354,844	40,178	2,395,022	2,395,022	
Other purchased services	39,000	(2,018)	36,982	19,315	17,667
Miscellaneous purchased services	143,000	(23,957)	119,043	98,943	20,100
Supplies and materials	115,025	(52,537)	62,488	61,862	626
Other objects	2,500	(2,500)			
Total child study teams	2,654,369	(40,834)	2,613,535	2,575,142	38,393
Improvement of Instructional Services:					
Salaries of supervisor of instruction	1,750,637	(22,779)	1,727,858	1,727,858	
Sal of secr & clerical assist.	580,278	(144,685)	435,593	435,593	
Other purchased services	24,800		24,800	10,138	14,662
Supplies & materials	7,500	(71)	7,429	5,427	2,002
Other objects	58,500	230	58,730	51,104	7,626
Total improvement of instructional services	2,421,715	(167,305)	2,254,410	2,230,120	24,290
Educational Media Services/School Library:					
Salaries	1,635,910	(80,544)	1,555,366	1,555,366	
Purchased professional and technical services	81,108	31,966	113,074	93,228	19,846
Other purchased services	431,700	(6,000)	425,700	419,960	5,740
Supplies and materials	204,610	(1,300)	203,310	108,955	94,355
Other objects	24,250		24,250	6,978	17,272
Total educational media services/school library	2,377,578	(55,878)	2,321,700	2,184,487	137,213

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Instructional Staff Training Services:					
Salaries of other professional staff	\$ 95,000	\$ (65,536)	\$ 29,464	\$ 29,464	
Other purchased services	5,500	(43)	5,457	4,980	\$ 477
Supplies and materials	13,055		13,055	10,072	2,983
Other objects	111,660	(10,000)	101,660	37,124	64,536
Total instructional staff training services	225,215	(75,579)	149,636	81,640	67,996
Support Services-General Administration:					
Salaries	371,396	129,857	501,253	501,253	
Legal Services	225,000	7,731	232,731	138,892	93,839
Audit Fees	77,000	3,785	80,785	79,285	1,500
Other purchased professional services		13,500	13,500	13,500	
Communications / telephone	463,000	(35,000)	428,000	129,792	298,208
BOE other purchased services	17,300		17,300	7,753	9,547
Other purchased services	10,000		10,000	2,445	7,555
General supplies	6,000		6,000	2,067	3,933
BOE in-house training/meeting supplies	35,000	(13,730)	21,270	19,020	2,250
Judgments against the school district	125,000	(61,516)	63,484	33,444	30,040
Miscellaneous expenditures	19,000	(10,478)	8,522	5,745	2,777
BOE membership and dues	28,000		28,000	26,663	1,337
Total support services-general administration	1,376,696	34,149	1,410,845	959,859	450,986
Support Services-School Administration:					
Salaries of principals/ assistant principals	2,938,732	456,680	3,395,412	3,395,412	
Salaries of other professional staff	65,343	1	65,344	65,344	
Salaries of secretarial and clerical assistants	1,370,810	(5,942)	1,364,868	1,364,868	
Purchased professional and technical services		39,686	39,686	39,686	
Other purchased services	65,850	(54,131)	11,719	11,109	610
Supplies and materials	53,019	(21,590)	31,429	31,396	33
Total support services-school administration	4,493,754	414,704	4,908,458	4,907,815	643
Support Services - Central Services:					
Salaries	1,416,761	(96,102)	1,320,659	1,320,659	
Purchased professional services	33,700	33,792	67,492	67,490	2
Purchased technical services	70,000	68,305	138,305	135,950	2,355
Miscellaneous purchased services	32,000	(13,675)	18,325	13,603	4,722
Supplies and materials	45,000	(30,142)	14,858	14,528	330
Interest on lease purchase agreements	60,702	(2,415)	58,287	58,287	
Miscellaneous expenditures	13,856	(1,993)	11,863	11,787	76
Total support services-central services	1,672,019	(42,230)	1,629,789	1,622,304	7,485
Support Services - Administration Information Technology:					
Salaries	1,116,780	(4,626)	1,112,154	1,112,154	
Purchased professional services	259,889	(14,630)	245,259	217,991	27,268
Purchased technical services	26,523		26,523	14,018	12,505
Other purchased services	390,200	(10,000)	380,200	342,272	37,928
Supplies and materials	32,700	15,000	47,700	22,394	25,306
Other objects	12,780		12,780	3,762	9,018
Total support services-administration information technology	1,838,872	(14,256)	1,824,616	1,712,591	112,025
Required Maintenance for School Facilities:					
Salaries	1,408,449	30,286	1,438,735	1,438,735	
Cleaning, repair and maintenance services	661,676	78,411	740,087	659,655	80,432
General supplies	507,000	(172,933)	334,067	270,285	63,782
Other objects	42,100	71,364	113,464	103,339	10,125
Total required maintenance for school facilities	2,619,225	7,128	2,626,353	2,472,014	154,339

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Custodial Services:					
Salaries	\$ 3,750,990	\$ (68,139)	\$ 3,682,851	\$ 3,682,851	
Salaries of non-instructional aides	814,355	26,931	841,286	841,286	
Purchased professional and technical services	7,000	68,367	75,367	72,077	\$ 3,290
Cleaning, repair and maintenance services	7,000	7,475	14,475	10,870	3,605
Other purchased property services	300,000		300,000	260,512	39,488
Insurance	764,100	(49,040)	715,060	699,023	16,037
General supplies	350,000	(17,113)	332,887	296,653	36,234
Energy (electricity, oil and gas)	1,735,000	(32,888)	1,702,112	1,586,146	115,966
Interest - energy savings improvement program	357,032	(1)	357,031	357,031	
Principal - energy savings improvement program	482,000	849,902	1,331,902	1,331,902	
Total custodial services	8,567,477	785,494	9,352,971	9,138,351	214,620
Security:					
Salaries	206,414	9,487	215,901	215,901	
Purchased professional and technical services	270,000	(9,720)	260,280	260,280	
Total security	476,414	(233)	476,181	476,181	-
Total operation of plant	11,663,116	792,389	12,455,505	12,086,546	368,959
Total Undist. Expenditures	48,417,350	1,246,701	49,664,051	47,917,290	1,746,761
Student Transportation Services:					
Salaries of non-instructional aides	306,282	(573)	305,709	305,709	
Salaries for pupil transportation:					
Between home and school - regular	209,126	9,080	218,206	218,206	
Between home and school - special	770,177	67,714	837,891	837,891	
Other purchased professional and technical services	9,900	(6,731)	3,169	3,169	
Cleaning repair and maintenance services	200,000	161,659	361,659	361,659	
Contr serv (bet. Home & Sch) - vendors	2,325,146	493,667	2,818,813	2,813,140	5,673
Contr serv (oth than bet. Home & Sch) - vendors	207,400	203,158	410,558	410,558	
Contr serv (bet. Home & Sch) - joint agrmnts	264,500	(19,129)	245,371	245,371	
Contract. Serv. (sp ed stds) vendors		5,649	5,649	5,649	
Contract. Serv. (reg. students) - ESCs & CTSA	13,873	(13,873)			
Contract. Serv. (spl. Ed. Students) - ECSs & CTSA	2,088,296	125,855	2,214,151	2,214,151	
Contract. Serv. - aid in lieu pymts - non pub sch	372,166	(72,633)	299,533	299,533	
Miscellaneous purchased services-transportation	40,000	(23,794)	16,206	16,206	
General supplies	15,218	(12,446)	2,772	2,772	
Other objects	8,900	(8,024)	876	876	
Total student transportation services	6,830,984	909,579	7,740,563	7,734,890	5,673

Parsippany-Troy Hills School District
General Fund

Budgetary Analytics Comparison Schedule

(Budgetary Basis)
Year ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Unallocated Benefits - Employee Benefits:					
Social security contributions	\$ 1,850,000	\$ (135,666)	\$ 1,714,334	\$ 1,714,334	
Other retirement contributions - PERS	1,975,000	(243,416)	1,731,584	1,723,915	\$ 7,669
Other retirement contributions - regular	175,000	(67,006)	107,994	107,994	
Workers' compensation	488,000	(57,321)	430,679	354,958	75,721
Health benefits	18,059,000	(1,755,219)	16,303,781	16,228,330	75,451
Tuition reimbursement	225,000		225,000	197,224	27,776
Other employee benefits	830,000	148,207	978,207	867,983	110,224
Total unallocated benefits	23,602,000	(2,110,421)	21,491,579	21,194,738	296,841
On-Behalf Contributions					
On-behalf TPAF Pension Contribution (non-budgeted)				6,309,826	(6,309,826)
On-behalf TPAF Post Retirement Medical contributions (non-budgeted)				5,257,521	(5,257,521)
On-behalf TPAFLong-term Disability Contributions (non-budgeted)				11,914	(11,914)
Reimbursed TPAF social security contributions (non-budgeted)				4,314,007	(4,314,007)
Total on-behalf contributions				15,893,268	(15,893,268)
Total Personal Services - Employee Benefits	23,602,000	(2,110,421)	21,491,579	37,088,006	(15,596,427)
Equipment:					
Kindergarten	20,000	(13,723)	6,277		6,277
Grades 1-5	20,000	(14,460)	5,540	2,034	3,506
Grades 6-8	20,000	6,100	26,100	21,042	5,058
Grades 9-12	20,000		20,000	17,832	2,168
Undistributed expenditures - admin info tech		3,118	3,118	3,118	
Undistributed expenditures - required maint for school facilities		35,205	35,205	8,360	26,845
Undistributed expenditures -custodial		3,306	3,306	3,306	
Undistributed expenditures - non-inst. serv		10,165	10,165	10,165	
Total equipment	80,000	29,711	109,711	65,857	43,854
Facilities Acquisition and Construction Services:					
Other purchased professional and technical services	250,000		250,000	48,407	201,593
Construction services	3,000,000	324,931	3,324,931	891,766	2,433,165
Non-budgeted - capital leases				440,000	(440,000)
Lease purchase agreements - principal	2,132,422	(6,900)	2,125,522	2,125,462	60
Other objects - debt service assessment	46,633		46,633	46,633	
Total facilities and construction services	5,429,055	318,031	5,747,086	3,552,268	2,194,818
Total Expenditures - Capital Outlay	5,509,055	347,742	5,856,797	3,618,125	2,238,672

Parsippany-Troy Hills School District
General Fund

Budgetary Analytics Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Transfer of funds to charter schools	\$ 296,566		\$ 296,566	\$ 259,712	\$ 36,854
Total Expenditures	141,203,795	\$ 381,516	141,585,281	152,543,331	(11,398,050)
(Deficiency) excess of revenues (under) over expenditures	(7,574,679)	758,195	(6,816,454)	(1,297,357)	5,519,097
Other financing sources:					
Assets acquired under capital lease (non-budgeted)				440,000	440,000
Transfers in				35,696	35,696
Total other financing sources				475,696	475,696
(Deficiency) excess of revenues (under) over expenditures and other financing sources	(7,574,679)	758,195	(6,816,454)	(821,661)	5,994,793
Fund balances, July 1	11,533,763		11,533,763	11,533,763	
Fund balances, June 30	\$ 3,959,084	\$ 758,195	\$ 4,717,309	\$ 10,712,102	\$ 5,994,793
Recapitulation of (deficiency) excess of revenues (under) over expenditures					
Budgeted fund balance	\$ (6,574,649)		\$ (6,574,649)	\$ (1,160,056)	\$ 5,414,593
Net (decrease) in capital reserve	(1,000,000)	\$ (191,875)	(1,191,875)	(611,675)	580,200
Additional extraordinary aid anticipated		1,139,711	1,139,711	1,139,711	
Adjustment for prior year encumbrances		(189,641)	(189,641)	(189,641)	
Total	\$ (7,574,649)	\$ 758,195	\$ (6,816,454)	\$ (821,661)	\$ 5,994,793
Recapitulation of fund balance:					
Capital reserve account - restricted				\$ 1,014,792	
Emergency reserve account - restricted				263,506	
Excess surplus current year - restricted				3,410,923	
Designated for subsequent year's expenditures - assigned				3,088,081	
Designated for subs. year's expenditures - SEMI-ARRA - assigned				1,819	
Year end encumbrances - assigned				156,277	
Unassigned				2,776,704	
				10,712,102	
Reconciliation to Governmental Funds statements (GAAP):					
Last state aid payments not recognized on GAAP basis				(461,952)	
Fund balance per Governmental Funds (GAAP)				\$ 10,250,150	

Parsippany-Troy Hills School District
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
State sources	\$ 214,258	\$ 5,126	\$ 219,384	\$ 167,168	\$ (52,216)
Federal sources	2,868,877		2,868,877	2,216,560	(652,317)
Local sources	22,892		22,892	19,429	(3,463)
Total revenues	<u>3,106,027</u>	<u>5,126</u>	<u>3,111,153</u>	<u>2,403,157</u>	<u>(707,996)</u>
Expenditures:					
Instruction:					
Salaries of teachers	1,489,000	(901,200)	587,800	328,319	259,481
Purchased professional & technical services	85,770		85,770	75,885	9,885
Other purchased services	9,885		9,885	9,885	-
Tuition	279,448	900,000	1,179,448	1,134,757	44,691
General supplies	106,795	12	106,807	50,914	55,893
Textbooks	24,948	3,239	28,187	23,036	5,151
Total instruction	<u>1,995,846</u>	<u>2,051</u>	<u>1,997,897</u>	<u>1,622,796</u>	<u>375,101</u>
Undistributed:					
Support services:					
Salaries of other professional staff	251,500		251,500	231,172	20,328
Personal services—employee benefits	121,106		121,106	67,651	53,455
Purchased professional educational services	218,365	5,875	224,240	152,628	71,612
Other purchased services	254,380	(2,800)	251,580	64,080	187,500
Supplies and materials	14,830		14,830	14,830	-
Total support services	<u>860,181</u>	<u>3,075</u>	<u>863,256</u>	<u>530,361</u>	<u>332,895</u>
Capital outlay:					
Facilities acquisition and construction services:					
Noninstructional equipment	250,000		250,000	250,000	-
Total capital outlay	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Total expenditures	<u>3,106,027</u>	<u>5,126</u>	<u>3,111,153</u>	<u>2,403,157</u>	<u>707,996</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Parsippany-Troy Hills School District
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2017

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 151,245,974	\$ 2,403,157
Differences - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior year, net of cancellations		2,427
Current year		(2,992)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	453,449	
Current year	(461,952)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u>\$ 151,237,471</u>	<u>\$ 2,402,592</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 152,543,331	\$ 2,403,157
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior year, net of cancellations		2,427
Current year		(2,992)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 152,543,331</u>	<u>\$ 2,402,592</u>

Supplementary Information

Special Revenue Fund

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2017

	Nonpublic Aid					Auxiliary Services Compensatory Education
	Local Grants	Corrective Speech	Examination Classification	Supplementary Instruction	ESL	
Revenues:						
State sources		\$ 8,305	\$ 23,414	\$ 17,106	\$ 365	\$ 26,695
Federal sources						
Local sources	\$ 19,429					
Total revenues	<u>\$ 19,429</u>	<u>\$ 8,305</u>	<u>\$ 23,414</u>	<u>\$ 17,106</u>	<u>\$ 365</u>	<u>\$ 26,695</u>
Expenditures:						
Instruction:						
Salaries of teachers						
Purchased professional & technical services		\$ 8,305	\$ 23,414	\$ 17,106	\$ 365	\$ 26,695
Other purchased services	\$ 9,885					
Tuition						
General supplies	9,544					
Textbooks						
Total instruction	<u>19,429</u>	<u>8,305</u>	<u>23,414</u>	<u>17,106</u>	<u>365</u>	<u>26,695</u>
Support services:						
Salaries of other professional staff						
Personal services—employee benefits						
Purchased professional educational services						
Other purchased services						
Supplies and materials						
Total support services						
Capital outlay:						
Facilities acquisition and construction services:						
Noninstructional equipment						
Total capital outlay						
Total expenditures	<u>\$ 19,429</u>	<u>\$ 8,305</u>	<u>\$ 23,414</u>	<u>\$ 17,106</u>	<u>\$ 365</u>	<u>\$ 26,695</u>

Parsippany-Troy Hills School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures
Budgetary Basis
Year ended June 30, 2017

	Nonpublic Aid				Title I, Part A
	Security Aid	Nursing Aid	Technology Aid	Textbook Aid	Current
Revenues:					
State sources	\$ 24,123	\$ 31,410	\$ 12,714	\$ 23,036	
Federal sources					\$ 279,994
Local sources					
Total revenues	<u>\$ 24,123</u>	<u>\$ 31,410</u>	<u>\$ 12,714</u>	<u>\$ 23,036</u>	<u>\$ 279,994</u>
Expenditures:					
Instruction:					
Salaries of teachers					\$ 220,210
Purchased professional & technical services					
Other purchased services					
Tuition					
General supplies			\$ 12,714		220
Textbooks				\$ 23,036	
Total instruction			<u>12,714</u>	<u>23,036</u>	<u>220,430</u>
Support services:					
Salaries of other professional staff					
Personal services—employee benefits					59,564
Purchased professional educational services	\$ 24,123	\$ 31,410			
Other purchased services					
Supplies and materials					
Total support services	<u>24,123</u>	<u>31,410</u>			<u>59,564</u>
Capital outlay:					
Facilities acquisition and construction services:					
Noninstructional equipment					
Total capital outlay					
Total expenditures	<u>\$ 24,123</u>	<u>\$ 31,410</u>	<u>\$ 12,714</u>	<u>\$ 23,036</u>	<u>\$ 279,994</u>

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2017

	Title II, Part A		Title III	
	Current	Current	Current	Immigrant Carryover
Revenues:				
State sources				
Federal sources	\$ 55,340	\$ 82,954	\$	5,254
Local sources				
Total revenues	\$ 55,340	\$ 82,954	\$	5,254
Expenditures:				
Instruction:				
Salaries of teachers		\$ 37,459		
Purchased professional & technical services				
Other purchased services				
Tuition				
General supplies		19,008	\$	2,992
Textbooks				
Total instruction		56,467		2,992
Support services:				
Salaries of other professional staff				
Personal services—employee benefits		2,985		
Purchased professional educational services	\$ 13,898	40,578	23,502	
Other purchased services				
Supplies and materials	864			2,262
Total support services	55,340	26,487		2,262
Capital outlay:				
Facilities acquisition and construction services:				
Noninstructional equipment				
Total capital outlay				
Total expenditures	\$ 55,340	\$ 82,954	\$	5,254

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2017

	<u>I.D.E.A.</u>				<u>Total</u>
	<u>Part B Basic Current</u>	<u>Preschool</u>	<u>STEM Partnership</u>	<u>FEMA</u>	
Revenues:					
State sources					\$ 167,168
Federal sources	\$ 1,479,367	\$ 58,558	\$ 5,093	\$ 250,000	2,216,560
Local sources					19,429
Total revenues	<u>\$ 1,479,367</u>	<u>\$ 58,558</u>	<u>\$ 5,093</u>	<u>\$ 250,000</u>	<u>\$ 2,403,157</u>
Expenditures:					
Instruction:					
Salaries of teachers	\$ 70,650				\$ 328,319
Purchased professional & technical services					75,885
Other purchased services					9,885
Tuition	1,076,199	\$ 58,558			1,134,757
General supplies	1,343		\$ 5,093		50,914
Textbooks					23,036
Total instruction	<u>1,148,192</u>	<u>58,558</u>	<u>5,093</u>		<u>1,622,796</u>
Support services:					
Salaries of other professional staff	231,172				231,172
Personal services—employee benefits	5,102				67,651
Purchased professional educational services	83,197				152,628
Other purchased services					64,080
Supplies and materials	11,704				14,830
Total support services	<u>331,175</u>				<u>530,361</u>
Capital outlay:					
Facilities acquisition and construction services:					
Noninstructional equipment				\$ 250,000	250,000
Total capital outlay				<u>250,000</u>	<u>250,000</u>
Total expenditures	<u>\$ 1,479,367</u>	<u>\$ 58,558</u>	<u>\$ 5,093</u>	<u>\$ 250,000</u>	<u>\$ 2,403,157</u>

Capital Projects Fund

Parsippany-Troy Hills School District
Capital Projects Fund

Summary Schedule of Project Revenues, Expenditures, and
Changes in Fund Balance
(Budgetary Basis)

Year ended June 30, 2017

	Current Year
Revenues and other financing sources	
Bond proceeds	
State sources - SDA	\$ (6,443)
Proceeds from capital lease	
Transfer from capital reserve	
Transfer from capital outlay	
Interest earned	1,516
Total revenues and other financing sources	(4,927)
Expenditures and other financing uses	
Purchased professional and technical services	
Construction services	
Contingency	
Other Objects	
Transfer to General Fund - Capital Reserve	35,696
Transfer to Debt Service Fund	1,516
Total expenditures and other financing uses	37,212
Deficiency of revenues (under) expenditures	(42,139)
Fund Balance, July 1	453,727
Fund Balance, June 30	\$ 411,588
 Reconciliation to Fund Financial Statements:	
Fund balance, June 30, 2017 - budgetary- basis	\$ 411,588
GAAP Basis Revenues not recognized	(117,535)
Fund balance, June 30, 2017 - GAAP Basis	\$ 294,053

Parsippany-Troy Hills School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Bond Referendum - Various School Renovations

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds	\$ 47,633,000		\$ 47,633,000	\$ 47,633,000
State sources - SDA				
Proceeds from capital lease				
Transfer from capital reserve				
Transfer from capital outlay				
Total revenues and other financing sources	<u>47,633,000</u>		<u>47,633,000</u>	<u>47,633,000</u>
Expenditures and other financing uses				
Purchased professional and technical services	4,388,811		4,388,811	4,424,765
Construction services	38,550,664		38,550,664	39,385,398
Contingency	899,952		899,952	932,210
Other Objects	1,914,907		1,914,907	2,065,627
Transfer to General Fund - Capital Reserve				
Transfer to Debt Service Fund	1,875,000		1,875,000	825,000
Total expenditures and other financing uses	<u>47,629,334</u>	<u>-</u>	<u>47,629,334</u>	<u>47,633,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,666</u>	<u>\$ -</u>	<u>\$ 3,666</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	9/2005			
Bond Authorized	\$ 47,633,000			
Bonds Issued	47,633,000			
Original Authorized Cost	47,633,000			
Revised Authorized Cost	<u>\$ 47,633,000</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	9/2007			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Knollwood Elementary School Boiler Replacement

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 150,289		\$ 150,289	\$ 150,289
Proceeds from capital lease				
Transfer from capital reserve	239,085		239,085	239,085
Transfer from capital outlay				
Total revenues and other financing sources	<u>389,374</u>		<u>389,374</u>	<u>389,374</u>
Expenditures and other financing uses				
Purchased professional and technical services	34,317		34,317	45,000
Construction services	323,474		323,474	344,374
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>357,791</u>		<u>357,791</u>	<u>389,374</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 31,583</u>	<u>\$ -</u>	<u>\$ 31,583</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-100-10-1002			
Grant Date	9/8/2010			
Bond Authorization	N/A			
Original Authorized Cost	\$ 398,475			
Reduced Authorization - SDA Grant	(9,101)			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 389,374</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/2011			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Mt. Tabor Elementary School Window and Door Replacement

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 243,751		\$ 243,751	\$ 243,751
Proceeds from capital lease				
Transfer from capital reserve	396,174		396,174	396,174
Transfer from capital outlay				
Total revenues and other financing sources	<u>639,925</u>		<u>639,925</u>	<u>639,925</u>
Expenditures and other financing uses				
Purchased professional and technical services				29,859
Construction services	548,000		548,000	610,066
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>548,000</u>		<u>548,000</u>	<u>639,925</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 91,925</u>	<u>\$ -</u>	<u>\$ 91,925</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-100-10-1001			
Grant Date	9/28/2010			
Bond Authorization	N/A			
Original Authorized Cost	\$ 660,290			
Reduced Authorization - SDA Grant	(20,365)			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 639,925</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/2011			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Parsippany High School Partial Roof Replacement

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA				
Proceeds from capital lease				
Transfer from capital reserve	\$ 108,300		\$ 108,300	\$ 108,300
Transfer from capital outlay				
Total revenues and other financing sources	<u>108,300</u>		<u>108,300</u>	<u>108,300</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	78,332		78,332	108,300
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>78,332</u>		<u>78,332</u>	<u>108,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 29,968</u>	<u>\$ -</u>	<u>\$ 29,968</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization	N/A			
Original Authorized Cost	\$ 108,300			
Reduced Authorization - SDA Grant	-			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 108,300</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/2011			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Parsippany High School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 51,608		\$ 51,608	\$ 51,608
Proceeds from capital lease				
Transfer from capital reserve	77,412		77,412	77,412
Transfer from capital outlay				
Total revenues and other financing sources	<u>129,020</u>		<u>129,020</u>	<u>129,020</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	121,134		121,134	129,020
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>121,134</u>	<u>-</u>	<u>121,134</u>	<u>129,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 7,886</u>	<u>\$ -</u>	<u>\$ 7,886</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-050-14-G2HH			
Grant Date	8/28/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 129,020			
Reduced Authorization - SDA Grant	-			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 129,020</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/15/2014			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Parsippany Hills High School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 81,360		\$ 81,360	\$ 81,360
Proceeds from capital lease				
Transfer from capital reserve				
Transfer from capital outlay	122,040		122,040	122,040
Total revenues and other financing sources	<u>203,400</u>		<u>203,400</u>	<u>203,400</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	200,992		200,992	203,400
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>200,992</u>	<u>-</u>	<u>200,992</u>	<u>203,400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,408</u>	<u>\$ -</u>	<u>\$ 2,408</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-053-14-G2HI			
Grant Date	8/28/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 203,400			
Reduced Authorization - SDA Grant	-			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 203,400</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/15/2014			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Brooklawn Middle School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 33,608		\$ 33,608	\$ 33,608
Proceeds from capital lease				
Transfer from capital reserve	50,412		50,412	50,412
Transfer from capital outlay				
Total revenues and other financing sources	<u>84,020</u>		<u>84,020</u>	<u>84,020</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	78,934		78,934	84,020
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>78,934</u>	<u>-</u>	<u>78,934</u>	<u>84,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,086</u>	<u>\$ -</u>	<u>\$ 5,086</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-055-14-G2HJ			
Grant Date	8/28/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 84,020			
Reduced Authorization - SDA Grant	-			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 84,020</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/15/2014			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Central Middle School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 33,608		\$ 33,608	\$ 33,608
Proceeds from capital lease				
Transfer from capital reserve	50,412		50,412	50,412
Transfer from capital outlay				
Total revenues and other financing sources	<u>84,020</u>		<u>84,020</u>	<u>84,020</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	84,020		84,020	84,020
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>84,020</u>	<u>-</u>	<u>84,020</u>	<u>84,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-060-14-G2HK			
Grant Date	8/28/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 84,020			
Reduced Authorization - SDA Grant	-			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 84,020</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/15/2014			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

East Lake Elementary School Fire Alarm System Upgrades, Roof Replacement

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 416,410		\$ 416,410	\$ 416,410
Proceeds from capital lease				
Transfer from capital reserve				
Transfer from capital outlay	624,615		624,615	624,615
Total revenues and other financing sources	<u>1,041,025</u>		<u>1,041,025</u>	<u>1,041,025</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	831,757		831,757	1,041,025
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>831,757</u>	<u>-</u>	<u>831,757</u>	<u>1,041,025</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 209,268</u>	<u>\$ -</u>	<u>\$ 209,268</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-062-14-G2HL			
Grant Date	8/28/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 1,041,025			
Reduced Authorization - SDA Grant	-			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 1,041,025</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/15/2014			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Knollwood Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 18,548	\$ (1,594)	\$ 16,954	\$ 16,954
Proceeds from capital lease				
Transfer from capital reserve	27,822	(7,192)	20,630	20,630
Transfer from capital outlay				
Total revenues and other financing sources	<u>46,370</u>	<u>(8,786)</u>	<u>37,584</u>	<u>37,584</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	37,584		37,584	37,584
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>37,584</u>	<u>-</u>	<u>37,584</u>	<u>37,584</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 8,786</u>	<u>\$ (8,786)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-065-14-G2HM			
Grant Date	8/28/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 46,370			
Reduced Authorization - SDA Grant	(1,594)			
Reduced Authorization - Capital Reserve	(7,192)			
Revised Authorized Cost	<u>\$ 37,584</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/15/2014			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Lake Parsippany Elementary School Partial Roof Replacement

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 98,639		\$ 98,639	\$ 98,639
Proceeds from capital lease				
Transfer from capital reserve				
Transfer from capital outlay	147,959		147,959	147,959
Total revenues and other financing sources	<u>246,598</u>		<u>246,598</u>	<u>246,598</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	244,325		244,325	246,598
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>244,325</u>	<u>-</u>	<u>244,325</u>	<u>246,598</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,273</u>	<u>\$ -</u>	<u>\$ 2,273</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-080-13-G2HN			
Grant Date	8/29/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 246,598			
Reduced Authorization - SDA Grant	-			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 246,598</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/15/2014			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Lake Parsippany Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 22,008		\$ 22,008	\$ 22,008
Proceeds from capital lease				
Transfer from capital reserve	27,149		27,149	27,149
Transfer from capital outlay	5,863		5,863	5,863
Total revenues and other financing sources	<u>55,020</u>		<u>55,020</u>	<u>55,020</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	46,517		46,517	55,020
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>46,517</u>	<u>-</u>	<u>46,517</u>	<u>55,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 8,503</u>	<u>\$ -</u>	<u>\$ 8,503</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-080-14-G2HO			
Grant Date	8/29/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 55,020			
Reduced Authorization - SDA Grant	-			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 55,020</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/15/2014			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Littleton Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 15,360	\$ (1,623)	\$ 13,737	\$ 13,737
Proceeds from capital lease				
Transfer from capital reserve	23,040	(6,778)	16,262	16,262
Transfer from capital outlay				
Total revenues and other financing sources	<u>38,400</u>	<u>(8,401)</u>	<u>29,999</u>	<u>29,999</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	29,999		29,999	29,999
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve		-	-	
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>29,999</u>	<u>-</u>	<u>29,999</u>	<u>29,999</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 8,401</u>	<u>\$ (8,401)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-090-14-G2HP			
Grant Date	8/29/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 38,400			
Reduced Authorization - SDA Grant	(1,623)			
Reduced Authorization - Capital Reserve	(6,778)			
Revised Authorized Cost	<u>\$ 29,999</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/15/2014			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Mount Tabor Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 15,030		\$ 15,030	\$ 15,030
Proceeds from capital lease				
Transfer from capital reserve	22,545		22,545	22,545
Transfer from capital outlay				
Total revenues and other financing sources	<u>37,575</u>		<u>37,575</u>	<u>37,575</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	34,528		34,528	37,575
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>34,528</u>	<u>-</u>	<u>34,528</u>	<u>37,575</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,047</u>	<u>\$ -</u>	<u>\$ 3,047</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-100-14-G2HQ			
Grant Date	8/29/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 37,575			
Reduced Authorization - SDA Grant		-		
Reduced Authorization - Capital Reserve		-		
Revised Authorized Cost	<u>\$ 37,575</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/15/2014			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Rockaway Meadow Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 17,120	\$ (1,638)	\$ 15,482	\$ 15,482
Proceeds from capital lease				
Transfer from capital reserve	25,680	(6,494)	19,186	19,186
Transfer from capital outlay				
Total revenues and other financing sources	<u>42,800</u>	<u>(8,132)</u>	<u>34,668</u>	<u>34,668</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	34,668		34,668	34,668
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve		-	-	
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>34,668</u>	<u>-</u>	<u>34,668</u>	<u>34,668</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 8,132</u>	<u>\$ (8,132)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-107-14-G2HR			
Grant Date	8/29/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 42,800			
Reduced Authorization - SDA Grant	(1,638)			
Reduced Authorization - Capital Reserve	(6,494)			
Revised Authorized Cost	<u>\$ 34,668</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/15/2014			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Troy Hills Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 18,200	\$ (574)	\$ 17,626	\$ 17,626
Proceeds from capital lease				
Transfer from capital reserve	27,300	(8,597)	18,703	18,703
Transfer from capital outlay				
Total revenues and other financing sources	<u>45,500</u>	<u>(9,171)</u>	<u>36,329</u>	<u>36,329</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	36,329		36,329	36,329
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>36,329</u>	<u>-</u>	<u>36,329</u>	<u>36,329</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 9,171</u>	<u>\$ (9,171)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-120-14-G2HS			
Grant Date	8/29/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 45,500			
Reduced Authorization - SDA Grant	(574)			
Reduced Authorization - Capital Reserve	(8,597)			
Revised Authorized Cost	<u>\$ 36,329</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/15/2014			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Intervale Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 14,652		\$ 14,652	\$ 14,652
Proceeds from capital lease				
Transfer from capital reserve	21,978		21,978	21,978
Transfer from capital outlay				
Total revenues and other financing sources	36,630		36,630	36,630
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	30,291		30,291	36,630
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	30,291	-	30,291	36,630
Excess (deficiency) of revenues over (under) expenditures	\$ 6,339	\$ -	\$ 6,339	\$ -
Additional Project Information:				
Project Number	3950-064-14-G2XI			
Grant Date	8/29/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 36,630			
Reduced Authorization - SDA Grant	-			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	\$ 36,630			
Percentage Increase over Original Authorized	0%			
Percentage Completion	83%			
Original Target Completion Date	12/15/2014			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Northvail Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 15,708		\$ 15,708	\$ 15,708
Proceeds from capital lease				
Transfer from capital reserve	23,562		23,562	23,562
Transfer from capital outlay				
Total revenues and other financing sources	<u>39,270</u>		<u>39,270</u>	<u>39,270</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	29,634		29,634	39,270
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>29,634</u>	<u>-</u>	<u>29,634</u>	<u>39,270</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 9,636</u>	<u>\$ -</u>	<u>\$ 9,636</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-103-14-G2XJ			
Grant Date	8/29/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 39,270			
Reduced Authorization - SDA Grant	-			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 39,270</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	75%			
Original Target Completion Date	12/15/2014			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Lake Hiawatha Special Education School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 22,720	\$ (1,014)	\$ 21,706	\$ 21,706
Proceeds from capital lease				
Transfer from capital reserve	34,080	(6,635)	27,445	27,445
Transfer from capital outlay				
Total revenues and other financing sources	<u>56,800</u>	<u>(7,649)</u>	<u>49,151</u>	<u>49,151</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	49,151		49,151	49,151
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>49,151</u>	<u>-</u>	<u>49,151</u>	<u>49,151</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 7,649</u>	<u>\$ (7,649)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-070-14-G2ZS			
Grant Date	8/29/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 56,800			
Reduced Authorization - SDA Grant	(1,014)			
Reduced Authorization - Capital Reserve	(6,635)			
Revised Authorized Cost	<u>\$ 49,151</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/15/2014			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Energy Savings Improvement Plan

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA				
Proceeds from capital lease	\$ 14,200,000		\$ 14,200,000	\$ 14,200,000
Transfer from capital reserve				
Transfer from capital outlay				
Total revenues and other financing sources	<u>14,200,000</u>		<u>14,200,000</u>	<u>14,200,000</u>
Expenditures and other financing uses				
Purchased professional and technical services	59,667		59,667	59,667
Construction services	14,085,333		14,085,333	14,085,333
Contingency				
Other Objects	55,000		55,000	55,000
Transfer to General Fund - Capital Reserve				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>14,200,000</u>	<u>-</u>	<u>14,200,000</u>	<u>14,200,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number		N/A		
Grant Date		N/A		
Bond Authorization		N/A		
Original Authorized Capital Lease Cost	\$ 14,200,000			
Capital Lease Proceeds	14,200,000			
Reduced Authorization		-		
Revised Authorized Cost	<u>\$ 14,200,000</u>			
Percentage Increase over Original Authorized Cost		0%		
Percentage Completion		100%		
Original Target Completion Date		6/30/2015		
Revised Target Completion Date		Completed		

Parsippany-Troy Hills School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Parsippany- Troy Hills High School Building Upgrades

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA				
Proceeds from capital lease	\$ 1,300,000		\$ 1,300,000	\$ 1,300,000
Transfer from capital reserve				
Transfer from capital outlay				
Total revenues and other financing sources	<u>1,300,000</u>	<u>-</u>	<u>1,300,000</u>	<u>1,300,000</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	1,300,000		1,300,000	1,300,000
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>1,300,000</u>	<u>-</u>	<u>1,300,000</u>	<u>1,300,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number		N/A		
Grant Date		N/A		
Bond Authorization		N/A		
Original Authorized Capital Lease Cost	\$ 1,300,000			
Capital Lease Proceeds	1,300,000			
Reduced Authorization		-		
Revised Authorized Cost	<u>\$ 1,300,000</u>			
Percentage Increase over Original Authorized Cost		0%		
Percentage Completion		100%		
Original Target Completion Date		6/30/2015		
Revised Target Completion Date		Completed		

Fiduciary Funds

Parsippany-Troy Hills School District
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

June 30, 2017

	Agency			Trust		
	Student Activity	Payroll	Total Agency	Unemployment Compensation	Private Purpose Scholarship	Total Trust
Assets						
Cash and cash equivalents	\$ 431,151	\$ 1,374,062	\$ 1,805,213	\$ 1,759,538	\$ 72,573	\$ 1,832,111
Total assets	<u>\$ 431,151</u>	<u>\$ 1,374,062</u>	<u>\$ 1,805,213</u>	<u>1,759,538</u>	<u>72,573</u>	<u>1,832,111</u>
Liabilities						
Accounts payable				19,096		19,096
Due to student groups	\$ 431,151		\$ 431,151			
Payroll deductions and withholdings payable		\$ 55,220	55,220			
Summer savings payable		1,318,842	1,318,842			
Total liabilities	<u>\$ 431,151</u>	<u>\$ 1,374,062</u>	<u>\$ 1,805,213</u>	<u>19,096</u>		<u>19,096</u>
Net position						
Held in trust for:						
Unemployment compensation claims				1,740,442		1,740,442
Scholarships					72,573	72,573
Total net position				<u>\$ 1,740,442</u>	<u>\$ 72,573</u>	<u>\$ 1,813,015</u>

Parsippany-Troy Hills School District
Trust Funds

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2017

	Unemployment Compensation Trust Fund	Private Purpose Scholarship Trust Fund	Total Trust Funds
Additions:			
Contributions:			
Employee contributions	\$ 178,249		\$ 178,249
Donations		\$ 47,881	47,881
Total additions	<u>178,249</u>	<u>47,881</u>	<u>226,130</u>
Deductions:			
Unemployment compensation claims	124,957		124,957
Scholarships awarded		34,500	34,500
Total deductions	<u>124,957</u>	<u>34,500</u>	<u>159,457</u>
Change in net position	53,292	13,381	66,673
Net position, beginning	<u>1,687,150</u>	<u>59,192</u>	<u>1,746,342</u>
Net position, ending	<u>\$ 1,740,442</u>	<u>\$ 72,573</u>	<u>\$ 1,813,015</u>

Parsippany-Troy Hills School District
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2017

	Balance July 1, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
Assets				
Cash and equivalents	\$ 403,164	\$ 791,652	\$ 763,665	\$ 431,151
Total assets	<u>\$ 403,164</u>	<u>\$ 791,652</u>	<u>\$ 763,665</u>	<u>\$ 431,151</u>
Liabilities				
Due to student groups	\$ 403,164	\$ 791,652	\$ 763,665	\$ 431,151
Total liabilities	<u>\$ 403,164</u>	<u>\$ 791,652</u>	<u>\$ 763,665</u>	<u>\$ 431,151</u>

Parsippany-Troy Hills School District
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2017

	Balance July 1, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
Elementary Schools:				
Eastlake	\$ 5,923	\$ 5,129	\$ 6,400	\$ 4,652
Intervale	2,923	423	1,941	1,405
Knollwood	6,068	624	432	6,260
Lake Hiawatha	8,403	1,133	1,575	7,961
Lake Parsippany	2,584	9,186	8,442	3,328
Littleton	4,797	2,967	3,062	4,702
Mt. Tabor	4,419	4,145	4,400	4,164
Northvail	5,969	1,391	1,486	5,874
Rockaway Meadow	2,534	2,521	2,647	2,408
Troy Hills	11,992	1,315	441	12,866
Total Elementary Schools	55,612	28,834	30,826	53,620
Middle Schools:				
Brooklawn	72,360	153,041	150,892	74,509
Central	42,831	127,953	123,887	46,897
Total Middle Schools	115,191	280,994	274,779	121,406
High Schools:				
Parsippany High	79,396	166,500	162,115	83,781
Parsippany Hills High	112,969	219,752	198,727	133,994
Total High Schools	192,365	386,252	360,842	217,775
Athletic Accounts:				
Parsippany High	149	44,309	43,398	1,060
Parsippany Hills High	2,557	51,263	53,820	-
Total Athletic Accounts	2,706	95,572	97,218	1,060
Total Other Accounts	37,290	-	-	37,290
Total All Schools	\$ 403,164	\$ 791,652	\$ 763,665	\$ 431,151

Parsippany-Troy Hills School District
Payroll Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2017

	Balance July 1, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
Assets				
Cash and cash equivalents	\$ 3,090,489	\$ 94,348,349	\$ 96,064,776	\$ 1,374,062
Total assets	<u>\$ 3,090,489</u>	<u>\$ 94,348,349</u>	<u>\$ 96,064,776</u>	<u>\$ 1,374,062</u>
Liabilities				
Payroll deductions and withholdings	\$ 715,428	\$ 91,710,665	\$ 92,370,873	\$ 55,220
Summer savings payable	<u>2,375,061</u>	<u>2,637,684</u>	<u>3,693,903</u>	<u>1,318,842</u>
Total liabilities	<u>\$ 3,090,489</u>	<u>\$ 94,348,349</u>	<u>\$ 96,064,776</u>	<u>\$ 1,374,062</u>

Long-Term Debt

Parsippany-Troy Hills School District
Long-Term Debt

Schedule of Serial Bonds Payable

Year Ended June 30, 2017

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2016	Retired	Balance June 30, 2017	
			Date	Amount					
School Improvements	8/15/06	\$ 47,633,000				\$ 1,900,000	\$ 1,900,000		
2014 Refunding Bonds	4/24/14	19,715,000	8/15/17	\$ 1,950,000	3.000%				
			8/15/18	2,025,000	4.000%				
			8/15/19	2,115,000	4.000%				
			8/15/20	2,205,000	4.000%				
			8/15/21	2,240,000	4.000%				
			8/15/22	2,240,000	5.000%				
			8/15/23	2,250,000	5.000%				
			8/15/24	2,255,000	5.000%				
			8/15/25	2,265,000	5.000%	19,545,000		\$ 19,545,000	
2015 Refunding Bonds	2/26/15	12,025,000	8/15/26	2,070,000	5.000%				
			8/15/27	2,070,000	5.000%				
			8/15/28	2,070,000	5.000%				
			8/15/29	2,065,000	5.000%				
			8/15/30	2,060,000	5.000%				
			8/15/31	1,690,000	5.000%				
								12,025,000	
					<u>\$ 33,470,000</u>	<u>\$ 1,900,000</u>	<u>\$ 31,570,000</u>		

Parsippany-Troy Hills School District
Long-Term Debt

Schedule of Obligations Under Capital Leases

Year ended June 30, 2017

Purpose	Interest Rate	Amount of Original Issue	Balance July 1, 2016	Issued	Paid	Balance June 30, 2017
Equipment	2.750%	\$ 1,005,000	\$ 206,446		\$ 206,446	
Equipment	2.750%	1,005,000	410,253		203,726	\$ 206,527
Equipment	1.476%	1,300,000	609,287		200,978	408,309
Equipment	1.134%	372,899	93,744		93,744	
Energy Savings Improvement Plan	2.655%	14,200,000	13,963,000		2,073,000	11,890,000
Equipment	2.100%	1,005,000	527,160		262,544	264,616
Equipment	1.561%	1,200,000	989,367		241,625	747,742
Equipment	0.000%	532,697	266,349		133,174	133,175
Equipment	0.000%	1,370,893	1,028,170		342,723	685,447
Equipment	1.499%	1,000,000	900,258		220,309	679,949
Equipment	0.000%	656,069		\$ 656,069	164,017	492,052
Equipment	1.768%	440,000		440,000	56,500	383,500
Equipment	1.762%	1,000,000		1,000,000		1,000,000
			<u>\$ 18,994,034</u>	<u>\$ 2,096,069</u>	<u>\$ 4,198,786</u>	<u>\$ 16,891,317</u>

Parsippany-Troy Hills School District
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local sources:					
Local tax levy	\$ 2,789,167		\$ 2,789,167	\$ 2,789,167	
State sources:					
Debt service aid type II	569,290		569,290	569,290	
Total revenues	<u>3,358,457</u>		<u>3,358,457</u>	<u>3,358,457</u>	
Expenditures:					
Principal on bonds	1,900,000		1,900,000	1,900,000	
Interest on bonds	1,495,213		1,495,213	1,495,213	
Total expenditures	<u>3,395,213</u>		<u>3,395,213</u>	<u>3,395,213</u>	
(Deficiency) of revenues (under) expenditures	(36,756)		(36,756)	(36,756)	
Other financing sources:					
Transfers in				1,516	\$ 1,516
Total other financing sources				<u>1,516</u>	<u>1,516</u>
(Deficiency) excess of revenues (under) over expenditures and other financing sources	(36,756)		(36,756)	(35,240)	1,516
Fund balance, July 1	37,309	-	37,309	37,309	
Fund balance, June 30	<u>\$ 553</u>	<u>\$ -</u>	<u>\$ 553</u>	<u>\$ 2,069</u>	<u>\$ 1,516</u>

Statistical Section

(Unaudited)

Statistical Section
Unaudited

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements note disclosures, and required, supplementary information says about the District's overall financial condition.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and financial position changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.*

Parsippany-Troy Hills School District
 Net Position by Component
 Last Ten Fiscal Years
(accrual basis of accounting)
 Unaudited

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 14,924,006	\$ 20,322,542	\$ 22,926,163	\$ 26,048,380	\$ 27,005,258	\$ 26,440,800	\$ 11,372,718	\$ 18,025,158	\$ 22,246,363	\$ 24,712,844
Restricted	18,769,182	12,588,400	9,295,591	8,939,059	6,719,424	8,459,009	10,621,377	10,500,851	5,164,320	4,983,274
Unrestricted (deficit)	<u>(2,128,203)</u>	<u>(2,134,030)</u>	<u>(1,967,791)</u>	<u>(2,081,659)</u>	<u>989,401</u>	<u>4,839,908</u>	<u>4,000,475</u>	<u>(37,452,068)</u>	<u>(38,481,590)</u>	<u>(42,284,433)</u>
Total governmental activities net position	<u>\$ 31,564,985</u>	<u>\$ 30,776,912</u>	<u>\$ 30,253,963</u>	<u>\$ 32,905,780</u>	<u>\$ 34,714,083</u>	<u>\$ 39,739,717</u>	<u>\$ 25,994,570</u>	<u>\$ (8,926,059)</u>	<u>\$ (11,070,907)</u>	<u>\$ (12,588,315)</u>
Business-type activities										
Net investment in capital assets	\$ 143,614	\$ 175,722	\$ 182,101	\$ 179,208	\$ 244,661	\$ 322,111	\$ 520,820	\$ 568,799	\$ 608,450	\$ 556,348
Unrestricted	74,254	116,446	201,553	246,165	235,887	259,755	307,418	1,118,984	1,543,153	998,484
Total business-type activities net position	<u>\$ 217,868</u>	<u>\$ 292,168</u>	<u>\$ 383,654</u>	<u>\$ 425,373</u>	<u>\$ 480,548</u>	<u>\$ 581,866</u>	<u>\$ 828,238</u>	<u>\$ 1,687,783</u>	<u>\$ 2,151,603</u>	<u>\$ 1,554,832</u>
Government-wide										
Net investment in capital assets	\$ 15,067,620	\$ 20,498,264	\$ 23,108,264	\$ 26,227,588	\$ 27,249,919	\$ 26,762,911	\$ 11,893,538	\$ 18,593,957	\$ 22,854,813	\$ 25,269,192
Restricted	18,769,182	12,588,400	9,295,591	8,939,059	6,719,424	8,459,009	10,621,377	10,500,851	5,164,320	4,983,274
Unrestricted (deficit)	<u>(2,053,949)</u>	<u>(2,017,584)</u>	<u>(1,766,238)</u>	<u>(1,835,494)</u>	<u>1,225,288</u>	<u>5,099,663</u>	<u>4,307,893</u>	<u>(36,333,084)</u>	<u>(36,938,437)</u>	<u>(41,285,949)</u>
Total government-wide net position	<u>\$ 31,782,853</u>	<u>\$ 31,069,080</u>	<u>\$ 30,637,617</u>	<u>\$ 33,331,153</u>	<u>\$ 35,194,631</u>	<u>\$ 40,321,583</u>	<u>\$ 26,822,808</u>	<u>\$ (7,238,276)</u>	<u>\$ (8,919,304)</u>	<u>\$ (11,033,483)</u>

Source: CAFR Schedule A-1 and District records.

Note: GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.
 2014 was restated in 2015 to reflect a District-wide capital assets appraisal.
 2015 Business-type activities include the adult school program, previously accounted for in the General Fund.
 GASB 68 was implemented during the 2015 fiscal year, which required the restatement of beginning net position in the amount of (\$39,991,097). This amount is not reflected in the June 30, 2014 Net Position, above.

Paspanny-Troy Hills School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 49,679,045	\$ 50,879,509	\$ 51,971,182	\$ 52,549,284	\$ 53,320,040	\$ 54,157,270	\$ 55,224,305	\$ 60,058,776	\$ 67,327,824	\$ 71,089,105
Special Education	11,071,579	10,770,018	12,654,873	12,654,515	12,830,112	13,581,574	14,185,455	15,759,413	17,544,548	21,551,188
Other Instruction	4,113,984	4,359,379	4,240,729	4,359,857	4,489,278	4,581,003	4,788,379	5,318,379	4,345,044	6,598,337
School Sponsored Instruction	2,410,202	2,468,604	2,468,444	2,474,055	2,627,816	2,759,948	2,780,564	3,148,694	3,611,060	3,629,286
Support Services:										
Tuition	8,068,232	8,219,763	8,619,040	8,761,180	9,157,295	8,690,359	9,153,292	8,973,166	9,943,014	9,943,014
Student & Instruction Related Services	17,994,928	18,592,041	19,619,802	19,936,193	21,527,642	21,869,834	22,682,468	25,164,420	31,256,188	31,256,188
General Administration Services	1,019,012	1,346,484	1,664,924	963,155	1,207,441	1,353,586	1,363,393	1,363,393	1,369,649	1,369,649
School Administrative Services	5,179,099	6,177,907	6,991,861	6,225,675	6,225,675	6,790,532	7,039,916	7,216,319	7,309,094	8,832,596
Canteen Services	2,003,382	2,201,798	2,201,798	2,201,798	2,107,571	1,988,439	2,339,078	2,601,763	2,776,339	2,776,339
Administrative Information Technology	11,905,342	12,100,800	12,664,932	893,122	934,141	894,489	2,016,378	2,417,212	2,621,780	2,621,780
Facilities Operations & Maintenance	6,616,979	6,660,792	7,170,884	10,517,140	10,921,918	11,334,513	11,702,498	14,561,451	15,682,039	15,619,037
Capital Outlay:										
Special Schools	991,992	1,023,066	905,430	640,864	7,183,276	7,128,369	7,392,761	7,799,413	7,879,781	9,203,411
Capital Outlay	1,795,874	1,475,294	1,561,611	1,673,557	1,805,198	1,800,842	1,666	1,666	338,426	259,712
Charter School	101,737	89,238	133,619	160,727	285,780	385,519	385,109	343,519	1,118,186	1,245,936
Interest on long-term debt	2,119,145	2,076,633	2,026,635	2,874,627	1,750,922	1,828,112	1,721,809	2,046,389	1,118,186	1,245,936
Unallocated Depreciation	1,027,319	1,284,679	1,327,476	1,569,785	1,569,785	1,828,112	1,721,809	2,046,389	1,118,186	1,245,936
Total governmental activities expenses	127,831,414	130,136,137	134,009,753	133,899,426	136,378,852	136,176,849	142,956,183	155,945,687	171,465,000	183,315,778
Business-Type activities:										
Food service	2,238,525	2,194,422	2,279,417	2,211,868	2,256,674	2,152,063	2,193,791	2,474,070	2,539,796	2,502,331
Adult and community education	2,738,925	2,104,432	2,279,417	2,211,868	2,326,674	2,152,063	2,193,791	2,474,070	2,539,796	2,502,331
Total business-type activities expense	4,977,450	4,298,854	4,558,834	4,423,736	4,583,348	4,304,126	4,387,582	4,948,140	5,079,592	5,004,662
Total district expenses	132,808,864	134,435,000	138,568,587	138,323,162	140,962,200	140,480,975	147,343,765	160,893,827	176,544,592	188,320,440
Program Revenues										
Governmental activities:										
Charges for services:										
Special Education	\$ 124,128	\$ 162,070	\$ 183,603	\$ 240,890	\$ 336,014	\$ 316,408	\$ 288,400	\$ 216,116	\$ 281,529	\$ 339,372
Tuition	1,875,676	1,696,439	1,816,985	1,661,821	1,952,286	2,095,236	2,023,902	2,095,236	2,788,827	2,152,692
Operating grants and contributions	20,879,132	16,190,504	15,272,528	14,557,527	2,399,757	2,401,594	2,087,374	2,191,240	2,788,827	2,152,692
Capital grants and contributions	157,413	251,809	494,041	1,144,458	494,041	407,602	349,462	349,462	4,656,652	4,656,652
Total governmental activities program revenues	23,036,949	18,300,822	17,273,116	17,604,696	3,092,098	4,833,238	4,807,287	2,226,728	3,070,336	2,226,728
Business-Type Activities:										
Charges for services:										
Food service	\$ 1,794,951	\$ 1,783,069	\$ 1,825,265	\$ 1,815,329	\$ 1,820,456	\$ 1,639,914	\$ 1,684,107	\$ 1,772,332	\$ 1,748,269	\$ 1,872,086
Occasional fees and contributions	430,944	416,517	536,429	514,526	574,150	580,255	625,454	698,415	699,830	805,480
Total business-type activities program revenues	2,225,895	2,199,586	2,361,694	2,329,855	2,394,606	2,220,169	2,309,561	2,470,747	2,448,100	2,677,566
Total District Program Revenues	25,262,844	20,500,408	19,634,810	19,934,551	7,396,704	7,053,407	7,116,848	8,106,066	8,167,496	7,398,816
Net (Expense)/Revenue Governmental Activities	(104,818,995)	(104,235,629)	(121,294,971)	(116,108,566)	(133,866,102)	(136,341,001)	(142,336,958)	(158,887,811)	(173,477,096)	(186,021,624)
Total District-Wide Net Position	(104,818,995)	(111,830,131)	(116,648,360)	(116,216,783)	(131,308,823)	(134,275,233)	(138,075,126)	(152,333,344)	(167,930,824)	(183,170,383)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property Taxes Levied for General Purposes	\$ 104,320,412	\$ 107,986,991	\$ 111,488,649	\$ 115,157,071	\$ 114,831,394	\$ 117,978,886	\$ 120,760,876	\$ 123,152,214	\$ 125,588,736	\$ 128,110,712
Taxes Levied for Debt Service	74,269	74,269	2,732,336	2,732,336	2,355,480	2,432,828	2,511,028	2,784,536	2,788,077	2,789,167
Federal and State Aid not Financial	1,875,676	1,925,246	1,925,246	1,925,246	1,925,246	1,925,246	1,925,246	1,925,246	1,925,246	1,925,246
Miscellaneous Receipts	2,365,504	2,365,504	2,365,504	2,365,504	2,365,504	2,365,504	2,365,504	2,365,504	2,365,504	2,365,504
Miscellaneous Income	388,386	127,603	555,424	295,535	96,908	337,075	654,483	105,326	260,942	643,517
Insurance proceeds	(38,155)	(21,932)	(9,009)	77,207	13,518	(11,853)	(2,069)	(2,069)	(2,069)	(2,069)
Transfers	109,653,326	111,047,243	116,207,688	118,986,547	131,107,662	139,369,245	140,292,409	156,194,735	166,249,796	181,056,206
Total Governmental Activities	649	318	200	939	761	768	2,069	2,069	2,069	2,069
Business-Type Activities:										
Investment earnings	38,155	21,932	9,009	(77,207)	(13,518)	11,853	2,069	2,069	2,069	2,069
Transfers	38,804	23,310	9,209	(75,288)	(12,757)	31,940	2,069	2,069	2,069	2,069
Total Business-Type Activities	109,692,180	111,069,553	116,216,897	118,910,279	131,094,905	139,402,185	140,294,478	156,194,735	166,249,796	181,056,206
Change in Net Position:										
Governmental Activities	\$ 4,858,961	\$ (789,072)	\$ (522,849)	\$ 2,651,817	\$ (268,992)	\$ 5,025,634	\$ 2,103,513	\$ 3,001,846	\$ (2,144,848)	\$ (1,317,408)
Business-Type Activities	14,824	2,474	21,486	41,719	55,175	101,318	115,839	859,545	463,820	(596,711)
Total District	\$ 4,873,785	\$ (786,598)	\$ (501,363)	\$ 2,693,536	\$ (213,817)	\$ 5,126,952	\$ 2,219,352	\$ 3,861,691	\$ (1,681,028)	\$ (1,914,119)

Source: District records
GASB 65 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

Parsippany-Troy Hills School District
 Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Unaudited

	June 30,									
	2008	2009	2010	2011	2012	2013 (as restated)	2014	2015	2016	2017
General Fund										
Reserved/Restricted	\$ 9,382,087	\$ 8,538,275	\$ 8,041,629	\$ 7,003,336	\$ 6,561,945	\$ 7,951,867	\$ 9,713,770	\$ 10,164,659	\$ 4,828,128	\$ 4,689,221
Assigned				1,966,726	1,464,329	4,679,708	3,633,704	3,205,980	3,802,392	3,246,177
Unassigned				2,379,650	2,177,866	2,686,143	2,759,671	2,685,084	2,449,794	2,314,752
Unreserved	3,408,356	2,552,283	2,412,467							
Total general fund	<u>\$ 12,790,443</u>	<u>\$ 11,090,558</u>	<u>\$ 10,454,096</u>	<u>\$ 11,349,712</u>	<u>\$ 10,204,140</u>	<u>\$ 15,317,718</u>	<u>\$ 16,107,145</u>	<u>\$ 16,055,723</u>	<u>\$ 11,080,314</u>	<u>\$ 10,250,150</u>
All Other Governmental Funds										
Restricted	\$ 4,052,255	\$ 2,679,749	\$ 735,639	\$ 1,063,680	\$ 861,145	\$ 509,338	\$ 12,100,903	\$ 3,147,328	\$ 373,501	\$ 296,122
Unassigned (deficit)				(41,015)						
Unreserved, Reported In:										
Capital projects fund	3,218,297	920,402	180,041							
Debt service fund	1,022,371	12,179	19,489							
Total all other governmental funds	<u>\$ 8,292,923</u>	<u>\$ 3,612,330</u>	<u>\$ 935,169</u>	<u>\$ 1,022,665</u>	<u>\$ 861,145</u>	<u>\$ 509,338</u>	<u>\$ 12,100,903</u>	<u>\$ 3,147,328</u>	<u>\$ 373,501</u>	<u>\$ 296,122</u>
Total All Funds	<u>\$ 21,083,366</u>	<u>\$ 14,702,888</u>	<u>\$ 11,389,265</u>	<u>\$ 12,372,377</u>	<u>\$ 11,065,285</u>	<u>\$ 15,827,056</u>	<u>\$ 28,208,048</u>	<u>\$ 19,203,051</u>	<u>\$ 11,453,815</u>	<u>\$ 10,546,272</u>

Source: CAFR Schedule B-1 and District records.

The change in the reserved fund balance is the result of capital project fund expenditures incurred for projects in which the funding was received in prior years through the issuance of bonds.

This table was required with the implementation of GASB 44 in the 2005 fiscal year. This information is presented back to the year of implementation of GASB 34 and additional years will be added until ten years.

GASB 54 was implemented in the 2012 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years. (See footnote 1 in the basic financial statements). Prior years have not been restated above, nor are they required to be.

Parsippany-Troy Hills School District
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years

Unaudited

	Year ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	(as restated)									
Revenues										
Tax levy	\$ 105,064,672	\$ 108,753,288	\$ 114,081,533	\$ 117,822,763	\$ 117,186,684	\$ 120,411,379	\$ 123,251,904	\$ 124,936,750	\$ 128,386,814	\$ 130,899,879
Interest Earned	9,363	9,777	4,511	4,698	2,286	1,294	5,000	641	2,990	7,070
Miscellaneous	4,773,868	2,282,203	2,679,306	2,302,668	2,480,810	2,843,613	2,992,863	360,040	567,041	1,002,520
State sources	20,617,320	16,175,007	14,420,722	12,346,912	13,983,424	18,230,758	16,888,358	18,479,058	20,547,750	22,816,589
Federal sources	2,262,607	2,149,782	2,303,741	4,036,994	2,443,038	2,296,403	1,963,640	2,101,583	2,678,852	2,267,535
Total revenue	132,727,830	129,370,057	133,489,813	136,514,035	136,096,242	143,783,447	145,101,765	145,878,072	152,183,447	156,993,593
Expenditures										
Instruction										
Regular instruction	37,167,845	38,969,236	39,381,191	39,611,735	38,093,643	37,666,229	38,751,056	37,702,859	40,039,248	39,263,178
Special Education Instruction	7,718,948	8,134,428	8,478,729	9,885,294	9,282,035	9,594,060	10,061,739	10,152,000	10,899,360	12,415,890
Other Instruction	3,019,629	3,125,853	3,321,850	3,131,972	3,087,861	3,426,107	3,301,429	3,288,987	3,412,509	3,553,680
School-Sponsored Instruction	1,873,265	1,922,526	1,959,883	1,959,090	1,992,630	2,062,973	2,079,676	2,125,281	2,341,778	2,317,783
Support Services:										
Tuition	8,068,232	8,219,763	8,619,040	8,761,180	8,958,958	8,804,359	9,217,629	8,927,366	9,719,962	9,042,358
Student Service	12,207,485	10,209,868	10,978,064	11,029,504	12,107,814	12,141,029	12,626,735	11,917,449	12,718,187	13,616,939
Student & Instruction Related Service	850,393	4,531,483	4,320,904	3,978,174	3,799,859	3,657,933	3,906,220	4,480,159	6,298,685	4,496,247
General Administration	1,550,661	1,040,958	888,499	886,793	1,085,949	833,270	860,115	793,255	1,091,645	959,859
School Administration	1,585,170	4,816,887	4,524,606	4,616,791	4,694,512	4,816,528	5,092,002	4,622,005	4,410,527	4,907,815
Central Services	4,498,874	1,685,028	1,637,641	1,637,544	1,573,062	1,428,299	1,710,503	1,714,308	1,631,073	1,622,304
Administrative Information Technology	788,401	883,790	823,754	754,861	640,210	773,555	751,374	1,505,088	1,678,728	1,712,591
Plant Operations & Maintenance	9,831,091	9,860,863	9,673,943	8,693,102	8,313,218	8,695,511	9,211,480	10,636,370	11,233,188	12,086,546
Pupil Transportation	6,070,520	6,148,902	6,626,853	5,661,933	6,600,429	6,417,563	6,629,720	6,822,465	6,659,821	7,734,890
Business & Other Support Services										
Unallocated Benefits	26,979,193	24,299,659	26,293,718	26,795,395	29,149,709	31,073,806	30,156,485	31,330,454	34,681,213	37,088,006
Debt service:										
Principal	950,000	1,185,000	1,200,000	1,250,000	1,350,000	1,500,000	1,600,000	3,371,565	1,800,000	1,900,000
Interest	2,119,145	2,076,653	2,026,635	1,973,041	1,916,166	1,853,823	2,030,538	1,507,119	1,557,778	1,495,213
Cost of Issuance								146,300		
Capital outlay	30,784,296	8,046,825	5,350,781	4,151,440	3,684,818	3,539,862	9,339,852	15,184,910	11,791,448	3,868,125
Charter school	101,737	89,288	133,619	160,727	285,780	359,963	385,109	343,519	338,426	259,712
Special Schools	1,458,136	1,486,532	1,559,717	1,674,554	1,805,199	1,800,842	1,721,809	1,666		
Total expenditures	157,623,021	136,733,542	137,799,427	136,613,130	138,421,852	140,445,712	149,433,471	156,573,125	162,303,576	158,341,136
Excess (Deficiency) of revenues over (under) expenditures	(24,895,191)	(7,363,485)	(4,309,614)	(99,095)	(2,325,610)	3,337,735	(4,331,706)	(10,695,053)	(10,120,129)	(1,347,543)
Other financing sources (uses)										
Capital leases (non-budgeted)	1,005,000	1,005,000	1,005,000	1,005,000	1,005,000	1,005,000	15,577,899	1,543,756	2,370,893	440,000
Bond proceeds							19,715,000	12,025,000		
Premium on bonds							2,808,788	2,712,779		
Payment to escrow agent							(22,334,260)	(14,591,479)		
Insurance proceeds						430,889				
Transfers in	2,179,802	2,557,839	45,998	89,443	473,119	350,895	1,612,942	50,052	552	37,212
Transfers out	(2,217,957)	(2,579,831)	(55,007)	(12,236)	(459,601)	(362,748)	(1,615,011)	(50,052)	(552)	(37,212)
Total other financing sources (uses)	966,845	983,008	995,991	1,082,207	1,018,518	1,424,036	15,765,358	1,690,056	2,370,893	440,000
Net change in fund balances	\$ (23,928,346)	\$ (6,380,477)	\$ (3,313,623)	\$ 983,112	\$ (1,307,092)	\$ 4,761,771	\$ 11,433,652	\$ (9,004,997)	\$ (7,749,236)	\$ (907,543)
Debt service as a percentage of noncapital expenditures	2.42%	2.53%	2.44%	2.43%	2.42%	2.45%	2.59%	3.45%	2.23%	2.20%

Source: CAFR Schedule B-2

Parsippany-Troy Hills School District
 General Fund Other Local Revenues by Source
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Interest	Adult and Community Education and Regular Tuition *	Rentals	Refunds	Other	Total
2008	\$ 425,411	\$ 1,999,804	\$ 38,454	\$ 285,314	\$ 64,618	\$ 2,813,601
2009	177,898	1,724,000	37,946		224,165	2,164,009
2010	86,775	2,000,590	64,826		490,596	2,642,787
2011	74,609	2,031,360	58,484		105,402	2,269,855
2012	44,098	2,288,300	46,886		50,022	2,429,306
2013	39,245	2,431,644	53,312		283,763	2,807,964
2014	12,743	2,312,311	57,029		296,302	2,678,385
2015	641	216,116	39,491		65,835	322,083
2016	2,438	281,529	36,669	77,501	146,771	544,908
2017	5,554	339,572	44,428	57,832	541,259	988,645

Source: District records.

* During the 2015 fiscal year, the District moved its Adult and Community Education Program into a separate Enterprise Fund, resulting in a decrease in miscellaneous revenue in the general fund, which was offset with a reduction in general fund expenditures.

Parsippany-Troy Hills School District
 Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years

Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2008	\$ 103,134,600	\$ 4,365,430,400	\$ 326,400	\$ 3,100	\$2,362,622,800	\$ 314,532,200	\$ 389,588,700	\$ 7,535,638,200	\$ 485,730,900	\$ 10,448,091	\$ 7,546,086,291	\$ 1.42	\$ 9,666,126,163
2009	89,270,400	4,385,585,100	326,400	3,100	2,306,569,900	314,532,200	390,988,700	7,487,275,800	581,936,200	10,866,942	7,498,142,742	1.50	9,699,800,233
2010	78,507,700	4,405,406,300	326,400	3,100	2,246,593,800	282,858,500	390,988,700	7,404,684,500	584,988,900	11,066,916	7,415,751,416	1.57	9,332,851,651
2011	77,607,500	4,408,878,400	326,400	3,100	2,198,373,300	258,335,800	390,988,700	7,334,513,200	585,116,700	12,432,565	7,346,945,765	1.66	9,082,278,672
2012	72,717,000	4,405,119,200	326,400	4,400	2,131,211,300	250,480,800	390,988,700	7,250,847,800	585,077,700	12,432,565	7,263,280,365	1.72	8,467,896,741
2013	66,904,400	4,403,242,200	326,400	4,400	2,070,234,400	254,664,800	401,241,700	7,196,618,300	576,340,400	10,643,519	7,207,261,819	1.69	8,418,714,892
2014	68,028,800	4,391,472,200	326,400	4,400	2,053,077,500	250,009,200	403,241,700	7,166,160,200	576,340,400	10,643,519	7,176,803,719	1.73	8,489,705,248
2015	67,577,600	4,399,306,700	326,400	8,900	2,045,286,500	244,410,200	403,241,700	7,160,158,000	592,396,100	422,050	7,160,580,050	1.81	8,482,594,479
2016	67,209,400	4,405,575,800	326,400	8,900	2,039,260,500	241,396,100	407,631,100	7,161,408,200	541,694,900	422,000	7,161,830,200	1.81	8,506,908,491
2017	66,696,500	4,412,211,300	326,400	8,900	2,055,900,100	245,653,300	408,131,100	7,188,927,600	534,875,600	415,750	7,188,927,600	1.81	8,645,733,734

Source: District records, Tax list summary & Municipal Tax Assessor and Collector, abstract of ratables, County Board of Taxation.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation.

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

b Tax rates are per \$100 of assessed value.

Parsippany-Troy Hills School District
 Property Tax Rates - Direct and Overlapping Governments
 Last Ten Fiscal Years
(rate per \$100 of assessed value)
 Unaudited

Fiscal Year Ended December 31,	Parsippany Troy Hills Schools			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of Parsippany	Morris County	
2008	\$ 1.41	\$ 0.01	\$ 1.42	\$ 0.51	\$ 0.30	\$ 2.23
2009	1.47	0.03	1.50	0.54	0.30	2.34
2010	1.53	0.04	1.57	0.58	0.30	2.45
2011	1.60	0.06	1.66	0.54	0.30	2.50
2012	1.66	0.06	1.72	0.56	0.28	2.56
2013	1.66	0.03	1.69	0.61	0.30	2.60
2014	1.69	0.04	1.73	0.87	0.26	2.86
2015	1.77	0.04	1.81	0.92	0.25	2.98
2016	1.77	0.04	1.81	0.94	0.24	2.99
2017	N/A	N/A	N/A	N/A	N/A	N/A

Source: District Records and Municipal Tax Collector

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

b Rates for debt service are based on each year's requirements.

N/A Not available.

Parsippany-Troy Hills School District
Principal Property Tax Payers
Current Year and Nine Years Ago
Unaudited

Taxpayer	2017		Taxpayer	2008	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Knoll Manor Associates	\$ 61,015,400	0.85%	Morris Corporate Center, HDQ I & II	\$ 95,660,700	1.27%
Morris Corporate Center, HDQ III	58,875,100	0.82%	State Farm Insurance	82,500,000	1.09%
Morris Corporate Center, HDQ I & II	57,660,700	0.81%	Morris Corporate Center, HDQ III	70,875,100	0.94%
Powder Mill Heights	51,831,300	0.72%	Cendant	67,268,000	0.89%
NJ Kimball, LLC	49,544,700	0.69%	Parsippany Hilton	61,015,400	0.81%
Sylvan/Campus Rlty, LLC	49,101,800	0.69%	Morris Corporate Ctr. IV, Phase II	58,677,800	0.78%
MCC IV - Phase I, LLC	43,526,900	0.61%	Knoll Manor Associates	53,526,900	0.71%
Troy Hills Village	41,506,500	0.58%	Wells Reit - Gatehall II	51,831,300	0.69%
Wells REIT- Multi State	40,677,800	0.57%	Benenson Par LLC - NY Life Ins.	51,510,700	0.68%
Wyndham Worldwide	39,807,200	0.56%	Starwood Realty - Tara	49,101,800	0.65%
Total	\$ 493,547,400	6.89%		\$ 641,967,700	8.51%
Net Assessed Value	<u>\$7,160,580,050</u>			<u>\$ 7,546,086,291</u>	

Source: Municipal Tax Collector

Parsippany-Troy Hills School District
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 105,064,672	\$ 105,064,672	100.00%	-
2009	108,753,288	108,753,288	100.00%	-
2010	114,081,533	114,081,533	100.00%	-
2011	117,822,763	117,822,763	100.00%	-
2012	117,186,684	117,186,684	100.00%	-
2013	120,411,379	120,411,379	100.00%	-
2014	123,251,904	123,251,904	100.00%	-
2015	124,936,750	124,936,750	100.00%	-
2016	128,386,814	128,386,814	100.00%	-
2017	130,899,879	130,899,879	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount certified prior to the end of the school year.

Parsippany-Troy Hills School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Percentage of Personal Income ^(a)	Per Capita ^(a)
	General Obligation Bonds	Capital Leases			
2008	\$ 47,568,000	\$ 2,553,060	\$ 50,121,060	1.35%	\$ 1,005
2009	46,383,000	2,721,823	49,104,823	1.39%	982
2010	45,183,000	2,923,428	48,106,428	1.24%	903
2011	43,933,000	3,004,835	46,937,835	1.15%	878
2012	42,583,000	3,045,125	45,628,125	1.08%	851
2013	41,083,000	3,042,587	44,125,587	1.04%	821
2014	38,848,000	18,567,079	57,415,079	1.29%	1,070
2015	35,270,000	18,798,211	54,068,211	1.22%	1,008
2016	33,470,000	18,994,034	52,464,034	1.18%	978
2017	31,570,000	16,891,317	48,461,317	1.05%	910

Source: School District Financial Reports

Note: Details regarding the district's outstanding debt can be found in the notes to the basic financial statements.

a See J-14 for personal income and population data. These ratios are calculated using per capita income and population for the prior calendar year.

Parsippany-Troy Hills School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Net Valuation Taxable ^(a)	Per Capita ^(b)
	General Obligation Bonds	Deductions			
2008	\$ 47,568,000		\$ 47,568,000	0.63%	\$ 1,005
2009	46,383,000		46,383,000	0.62%	982
2010	45,183,000		45,183,000	0.61%	903
2011	43,933,000		43,933,000	0.60%	878
2012	42,583,000		42,583,000	0.59%	851
2013	41,083,000		41,083,000	0.57%	821
2014	38,848,000		38,848,000	0.54%	1,070
2015	35,270,000	\$ 37,829	35,232,171	0.49%	1,008
2016	33,470,000	37,309	33,432,691	0.47%	978
2017	31,570,000	2,069	31,567,931	0.44%	910

Source: School District Financial records

Note: Details regarding the district's outstanding debt can be found in notes to the basic financial statements.

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population data for the prior calendar year.

Parsippany-Troy Hills School District
Ratios of Overlapping Governmental Activities Debt
As of December 31, 2016
Unaudited

	<u>Debt Authorized and Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Parsippany	\$ 79,883,334	100.00%	\$ 79,883,334
Morris County General Obligation Debt	221,180,986	8.85%	<u>19,574,517</u>
Subtotal overlapping debt			99,457,851
Parsippany-Troy Hills School District Direct Net Debt			<u>31,567,931</u>
Total direct and overlapping debt			<u><u>\$ 131,025,782</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Morris County Board of Taxation; debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Parsippany-Troy Hills. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of Parsippany-Troy Hills Township's equalized property value that is within the Morris County's boundaries and dividing it by Morris County's total equalized property value.

Parsippany-Troy Hills School District
 Legal Debt margin Information
 Last Ten Fiscal Years
 Unaudited

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized valuation basis
	2017 \$ 8,612,637,643
	2016 8,483,599,526
	2015 <u>8,489,705,248</u>
	<u>\$ 25,585,942,417</u>
	Average equalized valuation of taxable property <u>\$ 8,528,647,472</u>
	Debt limit ^a (4 % of average equalization value) \$ 341,145,899
	Net bonded school debt <u>31,567,931</u>
	Legal debt margin <u>\$ 309,577,968</u>

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 369,432,176	\$ 386,019,056	\$ 260,753,615	\$ 385,435,807	\$ 368,325,696	\$ 346,251,871	\$ 338,350,892	\$ 338,546,862	\$ 339,722,776	\$ 341,145,899
Total net debt applicable to limit	<u>47,568,000</u>	<u>46,383,000</u>	<u>45,183,000</u>	<u>43,933,000</u>	<u>42,583,000</u>	<u>41,083,000</u>	<u>38,848,000</u>	<u>35,232,171</u>	<u>33,432,691</u>	<u>31,567,931</u>
Legal debt margin	<u>\$ 321,864,176</u>	<u>\$ 339,636,056</u>	<u>\$ 215,570,615</u>	<u>\$ 341,502,807</u>	<u>\$ 325,742,696</u>	<u>\$ 305,168,871</u>	<u>\$ 299,502,892</u>	<u>\$ 303,314,691</u>	<u>\$ 306,290,085</u>	<u>\$ 309,577,968</u>
Total net debt applicable to the limit as a percentage of debt limit	12.88%	12.02%	17.33%	11.40%	11.56%	11.87%	11.48%	10.41%	9.84%	9.25%

a Limit set by NJSA 18A:24-19 for a K through 12 District; other % limits would be applicable for other Districts

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey,
 Department of Treasury, Division of Taxation

Parsippany-Troy Hills School District
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Year	Population ^a	Personal Income ^b	Morris County Per Capita Personal Income	Unemployment Rate ^d
2008	49,880	\$ 3,722,843,680	\$ 74,636	3.60%
2009	49,982	3,524,530,712	70,516	7.60%
2010	53,255	3,875,898,900	72,780	7.60%
2011	53,487	4,075,388,478	76,194	7.10%
2012	53,621	4,216,701,819	78,639	7.30%
2013	53,767	4,252,647,098	79,094	7.30%
2014	53,683	4,445,489,230	82,810	6.10%
2015	53,641	4,442,011,210	82,810 *	4.20%
2016	53,641 **	4,442,011,210	82,810 *	4.20%
2017	53,258 **	4,611,184,156	86,582 *	4.00%

Source: School District Reports

- * Latest Morris County per capita personal income available (2015) was used for calculation purposes.
- ** Latest population data available (2016) was used for calculation purposes.
- ^a Population information provided by the NJ Dept of Education.
- ^b Personal income was not available, only county average.
- ^d Unemployment data provided by the NJ Dept. of Education.

Parsippany-Troy Hills School District
Principal Employers
Current Year and Nine Years Ago
Unaudited

2017			2008		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
United Parcel Post	2,850	N/A	Novartis	1,994	N/A
Wyndham	1,458	N/A	United Parcel	1,500	N/A
Automatic Data Processing	1,000	N/A	ADP	1,327	N/A
Avis	900	N/A	Greystone Psych.	1,200	N/A
Deloitte-Touche	575	N/A	Realogy Corporation	1,100	N/A
Tiffany and Company	600	N/A	Tiffany & Co.	1,039	N/A
State Farm	400	N/A	Wyndham Worldwide	1,000	N/A
Common Health	300	N/A	State Farm Insurance	813	N/A
EBI-Evonik Corp.	225	N/A	Avis Budget Group, Inc.	650	N/A
NY Life Inv. Mgmt.	200	N/A	Deloitte & Touche	600	N/A
	<u>8,508</u>			<u>11,223</u>	

Source: Various Agencies of the Township

N/A Total amount of employment is not available in order to calculate percentage of total employment.

Parsippany-Troy Hills School District
 Full-time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years
 Unaudited

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction:										
Regular	509.3	544.3	539.7	516.4	513.1	519.2	521.7	509.0	519.8	524.7
Special Education	96.7	96.3	104.0	106.0	109.6	113.0	112.6	108.0	116.0	115.4
Support Services:										
Student & Instruction Related Services	108.8	113.8	106.0	107.2	109.0	102.4	118.9	104.8	104.9	105.6
School Administrative Services	33.0	32.0	32.0	32.0	32.0	37.3	35.0	38.0	40.0	38.0
General & Business Administrative Services	5.0	5.0	5.0	5.0	5.0	3.0	3.0	3.0	3.0	3.0
Plant Operations and Maintenance	111.5	111.5	113.5	94.0	94.0	98.5	103.5	110.0	110.5	108.0
Pupil Transportation	24.0	24.0	23.0	23.0	23.0	22.0	22.0	25.0	26.0	27.0
Business and Other Support Services	82.0	82.0	80.5	80.5	81.5	81.5	87.0	85.5	85.0	81.0
Total	<u>970.3</u>	<u>1,008.9</u>	<u>1,003.7</u>	<u>964.1</u>	<u>967.2</u>	<u>976.9</u>	<u>1,003.7</u>	<u>983.3</u>	<u>1,005.2</u>	<u>1,002.6</u>

Source: District Personnel Records

Parsippany-Troy Hills School District
Operating Statistics
Last Ten Fiscal Years
Unaudited

At June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2008	7,252	\$ 123,769,580	\$ 17,067	3.00%	742	10.3:1	10.7:1	10.1:1	7,252	7,208	1.00%	99.39%
2009	7,152	125,425,064	17,537	2.75%	745	10.3:1	10.3:1	9.5:1	7,157	6,862	-1.31%	95.88%
2010	7,397	129,222,011	17,470	-0.39%	747	10.5:1	7.4:1	9.5:1	7,274	6,988	1.63%	96.07%
2011	7,321	129,238,649	17,653	1.05%	727	12.3:1	8.1:1	10.0:1	7,194	6,984	-1.10%	97.08%
2012	7,290	131,470,868	18,034	2.16%	729	11.8:1	8.6:1	10.4:1	7,267	6,967	1.01%	95.87%
2013	7,270	133,552,027	18,370	1.86%	735	13:2:1	9.1:1	10.3:1	7,270	6,833	0.04%	93.99%
2014	7,014	136,463,081	19,456	5.91%	753	10.2:1	8.2:1	9.1:1	7,014	6,726	-3.52%	95.89%
2015	6,959	136,363,231	19,595	0.72%	722	12.1:1	9.3:1	10.3:1	6,959	6,686	-0.78%	96.08%
2016	7,014	145,783,457	20,785	6.07%	741	10.5:1	8.5:1	8.7:1	7,014	6,748	0.79%	96.21%
2017	7,043	151,077,798	21,451	3.20%	746	11.7:1	10.3:1	10.4:1	6,993	6,710	-0.30%	95.95%

Sources: District records, Schedules J-16, J-18

Note: Enrollment's based October 14, 2016 ASSA/DRTRS count report.

- a Operating expenditures equal total expenditures less debt service and capital outlay; (J-4)
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from the State's cost per pupil calculations.

Parsippany-Troy Hills School District
 School Building Information
 Last Ten Fiscal Years
 Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District Building										
Parisippany High School (1956)										
Square Feet	166,512	174,377	174,377	174,377	174,377	174,377	174,377	174,377	174,377	174,377
Capacity (students)	817	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106
Enrollment	1,009	1,020	1,043	1,043	1,008	1,008	971	932	928	929
Parsippany Hills High School (1970)										
Square Feet	202,899	218,009	218,009	218,009	218,009	218,009	218,009	218,009	218,009	218,009
Capacity (students)	837	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
Enrollment	1,177	1,166	1,153	1,132	1,139	1,139	1,071	1,055	1,032	1,075
Brooklawn Middle School (1965)										
Square Feet	111,126	125,310	125,310	125,310	125,310	125,310	125,310	125,310	125,310	125,310
Capacity (students)	771	900	900	900	900	900	900	900	900	900
Enrollment	927	915	872	861	844	844	881	863	878	886
Central Middle School (1928)										
Square Feet	91,441	138,221	138,221	138,221	138,221	138,221	138,221	138,221	138,221	138,221
Capacity (students)	620	846	846	846	846	846	846	846	846	846
Enrollment	797	755	762	792	812	812	753	761	790	785
Eastlake Elementary School (1967)										
Square Feet	31,589	31,589	31,589	31,589	31,589	31,589	31,589	31,589	31,589	31,589
Capacity (students)	289	266	266	266	266	266	266	266	266	266
Enrollment	298	283	277	331	338	338	335	323	312	332
Intervale Elementary School (1966)										
Square Feet	37,731	37,731	37,731	37,731	37,731	37,731	37,731	37,731	37,731	37,731
Capacity (students)	490	286	286	286	286	286	286	286	286	286
Enrollment	327	314	331	316	298	298	285	297	299	297
Knollwood Elementary School (1961)										
Square Feet	33,880	33,880	33,880	33,880	33,880	33,880	33,880	33,880	33,880	33,880
Capacity (students)	298	281	281	281	281	281	281	281	281	281
Enrollment	327	331	359	323	312	312	331	347	365	367
Lake Hiawatha Elementary School (1952)										
Square Feet	44,424	44,424	44,424	44,424	44,424	44,424	44,424	44,424	44,424	44,424
Capacity (students)	371	328	328	328	328	328	328	328	328	328
Enrollment	373	407	436	400	431	431	423	417	427	416
Lake Parsippany Elementary School (1949)										
Square Feet	36,747	36,747	36,747	36,747	36,747	36,747	36,747	36,747	36,747	36,747
Capacity (students)	376	297	297	297	297	297	297	297	297	297
Enrollment	335	324	314	321	334	334	320	318	298	294
Littleton Elementary School (1958)										
Square Feet	41,890	41,890	41,890	41,890	41,890	41,890	41,890	41,890	41,890	41,890
Capacity (students)	371	320	320	320	320	320	320	320	320	320
Enrollment	416	394	368	393	381	381	359	369	393	390
Mt. Tabor Elementary School (1930)										
Square Feet	42,712	42,712	42,712	42,712	42,712	42,712	42,712	42,712	42,712	42,712
Capacity (students)	337	302	302	302	302	302	302	302	302	302
Enrollment	330	350	396	423	430	430	406	414	403	402
Northvail elementary School (1966)										
Square Feet	32,798	32,798	32,798	32,798	32,798	32,798	32,798	32,798	32,798	32,798
Capacity (students)	298	278	278	278	278	278	278	278	278	278
Enrollment	322	320	358	367	371	371	368	362	375	375
Rockaway Meadow Elementary School (1966)										
Square Feet	36,366	36,366	36,366	36,366	36,366	36,366	36,366	36,366	36,366	36,366
Capacity (students)	277	280	280	280	280	280	280	280	280	280
Enrollment	273	280	265	280	270	270	245	252	243	242
Troy Hills Elementary School (1964)										
Square Feet	36,954	36,954	36,954	36,954	36,954	36,954	36,954	36,954	36,954	36,954
Capacity (students)	326	289	289	289	289	289	289	289	289	289
Enrollment	334	320	325	307	302	302	266	249	248	253
Other:										
Windish Administration (1965)										
Square Feet	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Maintenance Building (1900)										
Square Feet	4,074	4,074	4,074	4,074	4,074	4,074	4,074	4,074	4,074	4,074
Board Office (acquired in 2006)										
Square Feet	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500

Number of Schools at June 30, 2017
 Elementary = 10
 Middle School = 2
 High School = 2
 Other = 3

Source: District records, SRS as of June 30, State's Final Determination Letter

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and additions. Enrollment is based on the annual October District count.

Parsippany-Troy Hills School District
 General Fund
 Schedule of Required Maintenance for School Facilities
 Last Ten Fiscal Years
 Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-XXX

School Facilities	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Parsippany High School	\$ 67,224	\$ 56,790	\$ 73,502	\$ 267,218	\$ 350,175	\$ 328,401	\$ 386,218	\$ 436,982	\$ 444,752	\$ 404,580
Parsippany Hills High School	65,024	63,925	96,302	336,581	334,563	410,880	483,520	547,074	556,802	506,507
Brooklawn Middle School	50,945	42,854	54,691	244,553	269,543	225,776	277,542	314,022	319,606	290,737
Central Middle School	46,174	43,382	62,692	258,973	201,581	246,301	289,650	327,722	333,549	303,421
Eastlake Elementary School	16,878	13,701	13,495	68,556	148,268	61,575	69,345	78,459	79,854	72,641
Intervale Elementary School	21,273	10,216	24,362	88,620	69,804	82,100	86,450	97,813	99,552	90,560
Knollwood Elementary School	19,616	12,432	16,513	54,310	48,476	81,995	75,039	84,902	86,412	78,606
Lake Hiawatha Elementary School	22,321	19,793	22,075	99,239	127,723	102,625	98,392	111,325	113,304	103,070
Lake Parsippany Elementary School	22,410	22,702	26,619	136,929	76,337	61,600	81,389	92,087	93,724	85,258
Littleton Elementary School	19,978	14,591	13,391	85,716	62,744	61,578	92,780	104,975	106,841	97,191
Mt. Tabor Elementary School	25,759	25,406	32,716	167,401	81,104	61,580	94,600	107,035	108,938	99,098
Northvail Elementary School	17,732	12,350	20,923	83,721	73,647	61,599	72,642	82,191	83,652	76,096
Rockaway Meadow Elementary School	19,294	13,097	35,660	69,554	62,796	82,140	80,545	91,132	92,752	84,374
Troy Hills elementary School	24,336	11,408	22,300	75,759	73,762	82,106	81,847	92,605	94,252	85,738
Administration Building	1,637,502	1,643,930	1,540,299	140,114	116,345	82,105	80,842	91,468	93,094	84,685
Maintenance Building	43,893	77,071	82,178	13,008	10,844	20,525	9,024	10,209	10,391	9,452
Grand Total	\$ 2,120,359	\$ 2,083,648	\$ 2,137,718	\$ 2,190,252	\$ 2,107,712	\$ 2,052,886	\$ 2,359,825	\$ 2,670,001	\$ 2,717,475	\$ 2,472,014

Source: District records of required maintenance.

Parsippany-Troy Hills School District
Insurance Schedule
Year ended June 30, 2017
Unaudited

Type of Coverage	Coverage	Deductible
School Package Policy:		
School Alliance Insurance Fund:		
Workers' Compensation/Employers' Liability	\$ 5,000,000	
General and Automotive Liability:		
Aggregate	100,000,000	
Occurrence	5,000,000	
Excess General and Auto Liability:		
Aggregate	5,000,000	
Occurrence	5,000,000	
Employee Benefits Liability:		
Occurrence	5,000,000	
Money and Securities	2,500,000	\$ 1,000
Property, Inland Marine and Automobile Physical Damage:		
Occurrence	250,000,000	2,500
Employee Dishonesty	500,000	
School Leaders' Professional Liability:		
Aggregate	5,000,000	10,000
Boiler and Machinery:		
Occurrence	100,000,000	2,500
Environmental Impairment Liability:		
Aggregate	25,000,000	10,000
Occurrence	1,000,000	10,000
Critical Incident Management	25,000	
Student Accident Coverage - Transamerica Premier Life Insurance Co.		
All Students & Athletes	5,000,000	
Public Officials Bond - Selective Insurance		
Business Administrator/Board Secretary	650,000	
Treasurer	650,000	
Rockaway Meadow School Flood Liability - Selective Insurance		
Building	500,000	1,000
Contents	500,000	1,000

Source: District Records

Single Audit Section

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards*

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Parsippany-Troy Hills School District, in the County of Morris, New Jersey (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

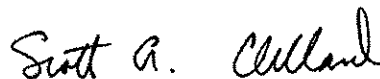
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

November 8, 2017
Livingston, New Jersey

Report on Compliance For Each Major Federal and State Program and
on Internal Control Over Compliance Required by the
Uniform Guidance and New Jersey OMB 15-08

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Parsippany-Troy Hills School District, in the County of Morris, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2017. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable

assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

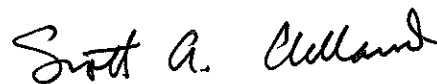
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

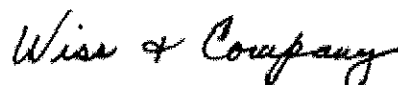
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

November 8, 2017
Livingston, New Jersey

Parsippany-Troy Hills School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Balance June 30, 2016										Balance June 30, 2017					
	Federal CFDA Number	Federal FAIN Number	Grant or State Period Number	Grant Period	Award Amount	(Accounts Receivable)	Unearned Revenue	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	(Accounts Receivable)	Unearned Revenue	Due to Grantor
General Fund:																
U.S. Department of Health and Human Services - Passed-through State Department of Education:																
Medical Assistance Program (SEMI)	93.778	1705NJ5MAP	N/A	7/1/16-6/30/17	\$ 83,809					\$ 49,721	\$ 49,721					
Medical Assistance (SEMI) - ARRA	93.778	1705NJ5MAP	N/A	7/1/16-6/30/17	1,819					1,819	1,819					
Medical Assistance (SEMI)	93.778	1605NJ5MAP	N/A	7/1/13-6/30/16	12,751	(12,751)				12,751						
Total U.S. Department of Health and Human Services - Passed-through State Department of Education						(12,751)				64,291	51,540					
Total General Fund						(12,751)				64,291	51,540					
U.S. Department of Education - Passed-Through State Department of Education																
Special Revenue Fund:																
Title I, Part A	84.010A	S010A160030	NCLB395017	7/1/16-6/30/17	372,245					165,494	245,909			\$ (80,415)		
Title I, Part A	84.010A	S010A150030	NCLB395016	7/1/16-6/30/17	436,988	(170,922)				204,255	34,085	\$ 752				
Title I, Part A	84.010A	S010A140030	NCLB395015	9/1/13-6/30/15	264,644	(28,618)				28,618						
Title II, Part A	84.367A	S367A160029	NCLB395017	7/1/16-6/30/17	101,784					38,388	48,748				(10,360)	
Title II, Part A	84.367A	S367A190029	NCLB395016	7/1/16-6/30/17	51,591	(10,627)				16,866	6,592	\$ 353				
Title II, Part A	84.367A	S367A140029	NCLB395015	7/1/14-6/30/15	52,347		\$ 32,789						\$ 32,789			
Title II, Part A	84.367A	S367A130029	NCLB395014	9/1/13-6/30/15	103,878		42,113							42,113		
Language Instruction for English Learners and Immigrant Students:																
Title III	84.365A	S365A160030	NCLB395017	7/1/16-6/30/17	119,563					33,813	39,011				(5,195)	
Title III	84.365A	S365A150030	NCLB395016	7/1/16-6/30/17	158,021	(20,988)				79,876	43,943	(14,945)		1,305	(1,305)	
Title III	84.365A	S365A140030	NCLB395015	7/1/14-6/30/15	170,608		4,131							4,131		
Title III	84.365A	S365A130030	NCLB395014	9/1/13-6/30/15	93,309	(10,841)				10,841						
Title III - Supplemental Immigrant Student Aid	84.365	S365A160030	NCLB395017	7/1/16-6/30/17	58,699											
Title III - Supplemental Immigrant Student Aid	84.365	S365A150030	NCLB395016	7/1/16-6/30/17	80,415	(21,999)				40,469	5,254	(13,216)				
Sub-total of Language Instruction for English Learners and Immigrant Students						(33,828)	4,131			164,999	88,208	(28,161)	5,436	(6,503)		
Special Education Grant Cluster:																
I.D.E.A. Part B, Regular	84.027	H027A160100	IDEA395017	7/1/16-6/30/17	1,581,147					1,152,032	1,326,791				(174,759)	
I.D.E.A. Part B, Regular	84.027	H027A150100	IDEA395016	7/1/16-6/30/17	1,620,502	(305,938)				498,575	152,576	(40,061)				
I.D.E.A. Part B, Regular	84.027	H027A140100	IDEA395015	9/1/13-6/30/15	1,593,169	(39,959)				39,959						
I.D.E.A. Part B, Preschool	84.173	H173A160114	IDEA395017	7/1/16-6/30/17	58,558					58,558	58,558					
I.D.E.A. Part B, Preschool	84.173	H173A150114	IDEA395016	7/1/16-6/30/17	57,574	(10,440)				10,440						
Sub-total of Special Education Grant Cluster						(356,337)	-			1,759,564	1,537,925	(40,061)	-	(174,759)		
STEM Partnership	84.413A	N/A	N/A	9/1/16-11/30/16	6,000					5,816	5,093				\$ 723	
U.S. Department of Homeland Security																
Passed-through State Department of Education																
Hazard Mitigation Grant	97.039	N/A	N/A	7/1/16-6/30/17	250,000						250,000				(250,000)	
Disaster Assistance	97.036	N/A	N/A	7/1/15-6/30/16	61,160	(61,160)				61,160						
Total Special Revenue Fund						(681,492)	79,033			2,445,160	2,216,560	(67,117)	80,338	(522,037)	723	-
U.S. Department of Agriculture - Passed-Through State Department of Agriculture																
Enterprise Fund:																
Child Nutrition Cluster:																
U.S.D.A Food Donation Program (NC)	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	199,363					199,363	195,789				3,574	
U.S.D.A Food Donation Program (NC)	10.555	161NJ304N1099	N/A	7/1/16-6/30/17	192,925		2,850				2,850					
National School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/16-6/30/17	36,247					33,766	36,247			(2,481)		
National School Breakfast Program	10.553	161NJ304N1099	N/A	7/1/15-6/30/16	22,171	(4,662)				4,662						
National School Lunch Program	10.553	171NJ304N1099	N/A	7/1/16-6/30/17	548,320					515,003	548,320			(33,317)		
National School Lunch Program	10.555	161NJ304N1099	N/A	7/1/15-6/30/16	493,198	(88,421)				88,421						
Sub-total of Child Nutrition Cluster						(93,083)	2,850			841,215	783,206			(35,798)	3,574	-
Total Enterprise Fund and Total U.S. Department of Agriculture - Passed-Through State Department of Agriculture						(93,083)	2,850			841,215	783,206			(35,798)	3,574	-
Total Expenditures of Federal Awards						\$ (787,326)	\$ 81,883	\$ -	\$ -	\$ 3,350,666	\$ 3,051,306	\$ (67,117)	\$ 80,338	\$ (557,835)	\$ 4,297	\$ -

NC - non-cash expenditures

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this statement.

Parsippany-Troy Hills School District
Schedule of Expenditures of State Financial Assistance
Year ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016		Carryover/Walkover	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustments	Balance at June 30, 2017			Memo	
				Unearned Rev. (Accts Rec)	Due to Grantor						Unearned Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
State Department of Education															
General Fund:															
Special Education Categorical Aid	495-034-5120-089	7/1/16-6/30/17	\$ 3,905,696				\$ 3,522,596	\$ 3,905,696						\$ (383,100)	\$ 3,905,696
Special Education Categorical Aid	495-034-5120-089	7/1/15-6/30/16	3,956,158	\$ (388,371)			388,371								92,029
Equalization Aid	495-034-5120-078	7/1/16-6/30/17	92,029				83,002	92,029							
Equalization Aid	495-034-5120-078	7/1/15-6/30/16	95,367	(9,362)			9,362								
Security Aid	495-034-5120-084	7/1/16-6/30/17	152,564				137,599	152,564							152,564
Security Aid	495-034-5120-084	7/1/15-6/30/16	132,915	(13,048)			13,048								
Additional Adjustment Aid	495-034-5120-085	7/1/16-6/30/17	1				1	1							1
Transportation Aid	495-034-5120-014	7/1/16-6/30/17	350,265				315,908	350,265							350,265
Transportation Aid	495-034-5120-014	7/1/15-6/30/16	295,061	(28,966)			28,966								
PARCC Readiness Aid	495-034-5120-098	7/1/16-6/30/17	69,790				62,945	69,790							69,790
PARCC Readiness Aid	495-034-5120-098	7/1/15-6/30/16	69,790	(6,851)			6,851								
Per Pupil Growth Aid	495-034-5120-097	7/1/16-6/30/17	69,790				62,945	69,790							69,790
Per Pupil Growth Aid	495-034-5120-097	7/1/15-6/30/16	69,790	(6,851)			6,851								
Professional Learning Community Aid	495-034-5120-101	7/1/16-6/30/17	69,460				62,647	69,460							69,460
Extraordinary Aid	100-034-5120-473	7/1/16-6/30/17	1,439,711				1,439,711					\$ (1,439,711)			1,439,711
Extraordinary Aid	100-034-5120-473	7/1/15-6/30/16	1,054,238	(1,054,238)			1,054,238								
Additional NP Transportation Aid	Not available	7/1/16-6/30/17	52,503					52,503							52,503
Additional NP Transportation Aid	Not available	7/1/15-6/30/16	57,361	(57,361)			57,361								
Homeless tuition reimbursement	Not available	7/1/15-6/30/16	13,213	(13,213)			13,213								
On-Behalf TPAF - Pension and Medical Contributions	495-034-5095-001	7/1/16-6/30/17	11,567,347				11,567,347	11,567,347							11,567,347
On-Behalf TPAF - Long-Term Disability Contributions	Not available	7/1/16-6/30/17	11,914				11,914	11,914							11,914
Reimbursed TPAF - Social Security	495-034-5094-003	7/1/16-6/30/17	4,314,007				4,314,007	4,314,007							4,314,007
Total General Fund				(1,578,261)			21,719,172	22,095,077				(1,492,214)		(461,952)	22,095,077
Special Revenue Fund:															
Non Public Auxiliary Services (Ch. 192):															
ESL	100-034-5120-067	7/1/16-6/30/17	365				365	365							365
Compensatory Education		7/1/16-6/30/17	44,790				44,790	26,695				\$ 18,095			26,695
Non Public Handicapped Services (Ch. 193):															
Supplemental Instruction	100-034-5120-066	7/1/16-6/30/17	19,382				19,382	17,106					2,276		17,106
Supplemental Instruction		7/1/15-6/30/16	20,792	\$ 2,748					\$ 2,748						
Examination and Classification		7/1/16-6/30/17	32,233				32,233	23,414					8,819		23,414
Examination and Classification		7/1/15-6/30/16	29,826		5,961					5,961					
Corrective Speech		7/1/16-6/30/17	13,253				13,253	8,305					4,948		8,305
Corrective Speech		7/1/15-6/30/16	19,230		11,705					11,705					
New Jersey Non-Public Aid:															
Nursing	100-034-5120-070	7/1/16-6/30/17	44,010				44,010	31,410					12,600		31,410
Nursing	100-034-5120-070	7/1/15-6/30/16	46,260		13,590					13,590					
Textbook Aid	100-034-5120-064	7/1/16-6/30/17	28,187				28,187	23,056					5,151		23,056
Textbook Aid	100-034-5120-064	7/1/15-6/30/16	29,350		3,211					3,211					
Technology Aid	100-034-5120-373	7/1/16-6/30/17	12,714				12,714	12,714							12,714
Security Aid	100-034-5120-509	7/1/16-6/30/17	24,450				24,450	24,123					327		24,123
Total Special Revenue Fund					37,215		219,384	167,168		37,215			52,216		167,168
Capital Projects Fund:															
New Jersey School Development Authority Grants	Various	7/1/2013- completion	757,044	(757,044)			195,088				\$ (6,443)		(568,399)		757,044
Total Capital Projects Fund				(757,044)			195,088				(6,443)		(568,399)		757,044
Debt Service Fund:															
Type II Aid	100-034-5120-075	7/1/16-6/30/17	569,290				569,290	569,290							569,290
Total Debt Service Fund							569,290	569,290							569,290
State Department of Agriculture															
Enterprise Fund:															
State School Lunch Program (State share)	100-010-3350-023	7/1/16-6/30/17	22,274				20,885	22,274					(1,389)		22,274
State School Lunch Program (State share)	100-010-3350-023	7/1/15-6/30/16	20,825	(3,724)			3,724								
Total Enterprise Fund				(3,724)			24,609	22,274					(1,389)		22,274
Total State Financial Assistance				\$ (2,339,029)	\$ 37,215	\$ -	\$ 22,727,543	\$ 22,853,809	\$ 37,215	\$ (6,443)	\$ -	\$ (2,062,002)	\$ 52,216	\$ (461,952)	\$ 23,610,853
State Financial Assistance Not Subject to Single Audit Determination:															
On-Behalf TPAF - Pension and Medical Contributions	17-495-034-5095-001/006/007	7/1/16-6/30/17	11,567,347				\$ 11,567,347	(11,567,347)							\$ (11,567,347)
On-Behalf TPAF - Long-Term Disability Contributions	17-495-034-5095-001/006/007	7/1/16-6/30/17	11,914				11,914	(11,914)							(11,914)
Total State Financial Assistance Subject to Single Audit Determination				\$ (2,339,029)	\$ 37,215	\$ -	\$ 11,148,282	\$ 11,274,548	\$ 37,215	\$ (6,443)	\$ -	\$ (2,062,002)	\$ 52,216	\$ (461,952)	\$ 12,031,592

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this statement.

Parsippany-Troy Hills School District

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

Year ended June 30, 2017

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all expenditures of federal awards and state financial assistance programs of the District. The District is defined in Note 1 to the board's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

2. Basis of Accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund and the capital projects fund which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules is presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some of the amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the District's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

Parsippany-Troy Hills School District

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2017

3. Relationship to Basic Financial Statements (continued)

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$8,503 for the general fund and \$565 for the special revenue fund. See Note to Required Supplementary Information (C-3) for a reconciliation of the budgetary basis to GAAP of accounting for the general and special revenue funds. Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 51,540	\$22,086,574	\$22,138,114
Special Revenue Fund	2,215,995	167,168	2,383,163
Debt Service Fund		569,290	569,290
Food Service Enterprise Fund	783,206	22,274	805,480
Total financial award revenues	<u>\$ 3,050,741</u>	<u>\$22,845,306</u>	<u>\$25,896,047</u>

The adjustment to reconcile from budgetary basis accounts receivable to GAAP basis accounts receivable is \$565 for the special revenue fund. This is a result of recognizing encumbrances as expenditures on the budgetary basis but not the GAAP basis.

Parsippany-Troy Hills School District

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2017

4. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value of USDA commodities received and current year distributions, respectively. TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2017.

The post retirement pension, medical benefits and long-term disability benefits on-behalf of the District for the year ended June 30, 2017 amounted to \$11,579,261. Since on-behalf post retirement pension, medical benefits and long-term disability are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08. However, they are required to be reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

6. Indirect Costs

The District did not use the 10% de minimis indirect cost rate.

7. Adjustments

Adjustments were made on the Schedule of Expenditures of Federal Awards to agree accounts receivable balances to actual amounts. The adjustment on the Schedule of Expenditures of State Financial Assistance was made to reflect a reduction of grant revenue from the New Jersey School Development Authority due to project completions.

Parsippany-Troy Hills School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2017

Part I - Summary of Auditors' Results

Financial Statement Section

Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP:

Internal control over financial reporting:

Material weakness(es) identified?

Unmodified

	Yes	<u>✓</u>	No
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Significant deficiency(ies) identified?

	Yes	<u>✓</u>	None Reported
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Noncompliance material to the basic financial statements noted?

	Yes	<u>✓</u>	No
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Federal Awards

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

	Yes	<u>✓</u>	No
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Type of auditors' report issued on compliance for major federal programs:

Unmodified

Internal control over major federal programs:

Material weakness(es) identified?

	Yes	<u>✓</u>	No
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Significant deficiency(ies) identified?

	Yes	<u>✓</u>	None Reported
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

	Yes	<u>✓</u>	No
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Parsippany-Troy Hills School District
Schedule of Findings and Questioned Costs

Year ended June 30, 2017

Part I - Summary of Auditors' Results

Identification of major federal programs:

CFDA Number(s)	FAIN Number	Name of Federal Program or Cluster
84.027	H027A160100	IDEA, Part B, Basic (Special Education Cluster)
84.173	H173A160114	IDEA, Part B, Preschool (Special Education Cluster)
10.553	171NJ3041099	National School Breakfast Program (CNP Cluster)
10.555	171NJ3041099	National School Lunch Program (CNP Cluster)
10.555	171NJ3041099	Food Donation Program (CNP Cluster)

Parsippany-Troy Hills School District
Schedule of Findings and Questioned Costs

Year ended June 30, 2017

Part I - Summary of Auditors' Results

State Awards

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Type of auditors' report on compliance for major state programs: Unmodified

Internal control over compliance:

Material weakness(es) identified? Yes No

Significant deficiency (ies) identified? Yes None Reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 15-08? Yes No

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
495-034-5094-003	Reimbursed TPAF Social Security
State Aid Cluster :	
495-034-5120-089	Special Education Categorical Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-078	Equalization Aid
495-034-5120-084	Security Aid
495-034-5120-085	Additional Adjustment Aid
495-034-5120-101	Professional Learning Community Aid

Parsippany-Troy Hills School District
Schedule of Findings and Questioned Costs

Year ended June 30, 2017

Part II – Schedule of Financial Statement Findings

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.

Parsippany-Troy Hills School District
Schedule of Findings and Questioned Costs

Year ended June 30, 2017

**Part III – Schedule of Federal Award and State Financial Assistance
Findings and Questioned Costs**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by 2 CFR 200 Section 516(a) and New Jersey Treasury Circular OMB 15-08, respectively.

Federal Award Programs

No compliance or internal control findings noted that are required to be reported in accordance with 2 CFR 200 Section 516(a).

State Award Programs

No compliance or internal control findings noted that are required to be reported in accordance with New Jersey Treasury Circular OMB 15-08.

Parsippany-Troy Hills School District
Summary Schedule of Prior Year Audit Findings
Year ended June 30, 2017

Not applicable as there were no prior year audit findings.