

Parsippany-Troy Hills School District

Parsippany
County of Morris
New Jersey

Comprehensive Annual Financial Report
For the Year Ended
June 30, 2018

Parsippany-Troy Hills School District

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

Parsippany-Troy Hills School District
Parsippany, New Jersey

Prepared by Parsippany-Troy Hills
Business Office

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Introductory Section

Parsippany-Troy Hills Township Schools

Robin C. Tedesco
Business Administrator/Board Secretary

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Parsippany, NJ 07054-0052
(973)263-7200 ext. 7209
E-mail: rctedesco@pthsd.net

February 11, 2019

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, 2018, 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 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"). 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 2017-2018 fiscal year with a population of 7,158 students and an average daily enrollment of 7,024 students, which is an increase of 31 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>
2017-2018	7,024	0.44%
2016-2017	6,993	-0.30%
2015-2016	7,014	0.79%
2014-2015	6,959	-0.78%
2013-2014	7,014	-3.52%

The District is anticipating an enrollment of approximately 7,136 students for the 2018-2019 school year.

2. ECONOMIC CONDITION AND OUTLOOK

The Township of Parsippany-Troy Hills is home to approximately 53,201 residents as well as 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 2018. 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 replaced floors in 3 schools, replaced the canopy at Littleton Elementary School and began replacing the press box at the Parsippany Hills High School athletic field. In addition to these projects, the District also replaced exterior doors, repaved areas around the schools and did several small projects throughout the 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 will above 2%, the District is limited to a 2% tax levy cap. In order to manage such costs and keep the overall budget within the limit of the tax levy cap it is important to analyze all costs and investigate all avenues of cost savings. The District continues to outsource substitutes and investigate areas for shared services in an effort to contain costs. The Business Office maintains streamlined school budgets and plans to broaden this process to other departments in the District in an effort to maximize supplies and services to the students while keeping costs flat.

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. 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. The legal level of budgetary control is established at line item accounts within each fund. 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. The legal level of budgetary control is established at line item accounts within each fund.

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, 2018, in the basic financial statements generally accepted in the United States.

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 and the government-wide financial statements 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 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) AWARDS


The International Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the first year that the District has applied and received this prestigious award. In order to be awarded this certificate, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States and applicable legal requirements.

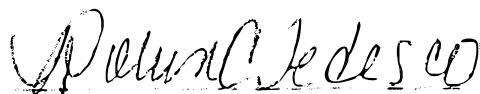
The Certificate is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Programs' requirements and we are submitting it to ASBO to determine its eligibility for the fiscal year 2017-2018 certificate.

9) 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

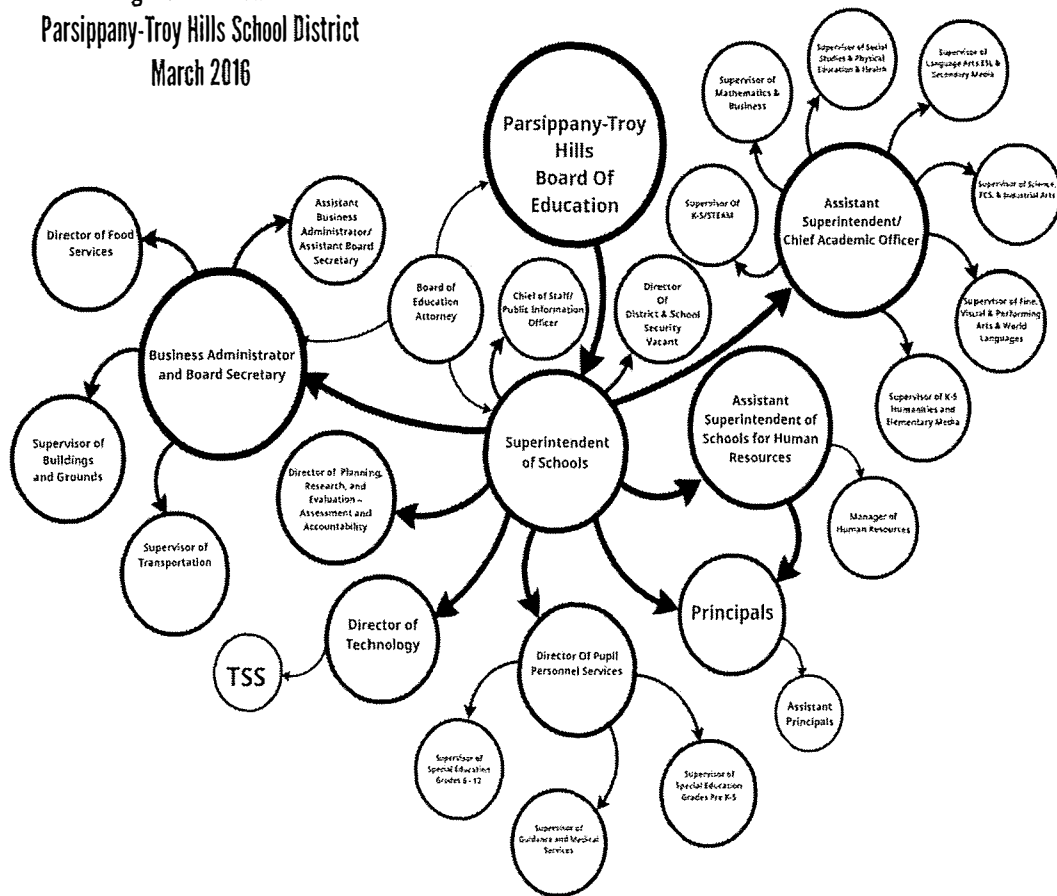
POLICY

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, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Frank Neglia, President	2018
Alison Cogan, Vice President	2019
Timothy Berrios	2020
George Blair	2020
Andrew Choffo	2018
Joseph Cistaro	2019
Matthew DeVitto	2020
Susy Golderer	2018
Judy Mayer	2018

<u>Other Officials</u>	<u>Title</u>
Barbara Sargent, Ed.D.	Superintendent of Schools
Robin Tedesco	Business Administrator/Board Secretary
Jeffrey Charney, Ed.D.	Interim Assistant Superintendent/Chief Academic Officer (through 12/31/17)
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, 2018

Attorney

Schenck, Price, Smith & King, LLP
220 Park Avenue
P.O. Box 991
Florham Park, New Jersey 07932

Audit Firm

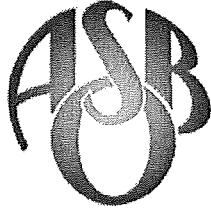
Wiss & Company, LLP
354 Eisenhower Parkway
Livingston, New Jersey 07039

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



**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

**The Certificate of Excellence in Financial Reporting
is presented to**

Parsippany-Troy Hills Township School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



A handwritten signature in cursive script that reads 'Charles E. Peterson, Jr.'.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in cursive script that reads 'John D. Musso'.

John D. Musso, CAE
Executive Director

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, 2018, 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, 2018 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1.T. to the financial statements, during the fiscal year ended June 30, 2018, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which represents a change in accounting principle. As discussed in Note 19 to the financial statements, as of July 1, 2017, the District's net position was restated to reflect the impact of the change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District pension contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF, schedule of the State's proportionate share of the net OPEB liability associated with the District and changes in the total OPEB liability and related ratios – (PERS and TPAF), schedule of the changes in the net OPEB liability – District Plan, 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.

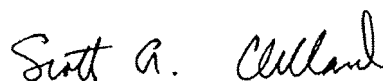
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2019 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, LLP



Scott A. Clelland
Licensed Public School Accountant
No. 1049

February 11, 2019
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, 2018

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, 2018. 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 outflows of resources, liabilities and deferred inflows 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 legal level of budgetary control is established at line item accounts within each fund.

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 – 75 of this report.

Required Supplementary Information (RSI). The District is required to present certain required supplementary information related to pensions and other post-employment benefits. This required supplementary information can be found on pages 76 - 81 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 82 – 124 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 \$8,819,169 (net position deficit) for the fiscal year ended June 30, 2018. Governmental activities net position increased in the current year by \$5,451,683.

The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2018 and 2017:

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

June 30,

2018

2017

	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 16,539,814	\$ 1,561,086	\$ 18,100,900	\$ 13,215,592	\$ 1,591,195	\$ 14,806,787
Capital assets, net	70,537,798	504,052	71,041,850	74,357,746	556,348	74,914,094
Total assets	<u>87,077,612</u>	<u>2,065,138</u>	<u>89,142,750</u>	<u>87,573,338</u>	<u>2,147,543</u>	<u>89,720,881</u>
Deferred outflows of resources:						
Pension deferrals	12,934,769		12,934,769	18,057,536		18,057,536
Unamortized deferred loss on refunded debt	<u>1,935,995</u>		<u>1,935,995</u>	<u>2,160,569</u>		<u>2,160,569</u>
Total deferred outflows of resources	<u>14,870,764</u>		<u>14,870,764</u>	<u>20,218,105</u>		<u>20,218,105</u>
Current liabilities	8,425,630	710,042	9,135,672	9,551,570	592,711	10,144,281
Net pension liability	44,142,144		44,142,144	57,271,966		57,271,966
Long-term liabilities outstanding	<u>45,175,740</u>		<u>45,175,740</u>	<u>49,081,467</u>		<u>49,081,467</u>
Total liabilities	97,743,514	710,042	98,453,556	115,905,003	592,711	116,497,714
Deferred inflow of resources:						
Pension deferrals	<u>13,024,031</u>		<u>13,024,031</u>	<u>4,474,755</u>		<u>4,474,755</u>
Net position:						
Net investment in capital assets	24,714,210	504,052	25,218,262	24,712,844	556,348	25,269,192
Restricted	10,604,331		10,604,331	4,983,274		4,983,274
Unrestricted (deficit)	<u>(44,137,710)</u>	<u>851,044</u>	<u>(43,286,666)</u>	<u>(42,284,433)</u>	<u>998,484</u>	<u>(41,285,949)</u>
Total net position (deficit)	<u>\$ (8,819,169)</u>	<u>\$ 1,355,096</u>	<u>\$ (7,464,073)</u>	<u>\$ (12,588,315)</u>	<u>\$ 1,554,832</u>	<u>\$ (11,033,483)</u>

Governmental activities

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

The decrease in the deferred outflows of resources and the increase in the deferred inflow of resources are the result of the actuarial calculation related to GASBs 68 and 71, mainly due to a change in assumptions. Amortization of both the current and prior year's losses on defeasances account for the decrease in the unamortized loss on refunded debt.

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

The decrease in the net pension liability 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 of 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 increased during the year ended June 30, 2018 resulting from an increase in excess fund balance.

Unrestricted net position decreased as compared to the prior year, mainly as a result of the current year's operations and the provisions of GASBs 68 and 71. The District implemented GASB No. 75 during the 2018 fiscal year resulting in the recording of revenue and expense in the amount of \$17,281,259 relating to post-employment health benefits paid for by the State on behalf of the District.

Business-type activities

The business-type activity net position for the year ended June 30, 2018 of \$1,355,096 decreased from the prior year mainly due to the negative operating results in the 2018 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, 2018 and 2017 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, 2018 and 2017:

Parsippany-Troy Hills School District Parsippany, New Jersey Changes in Net Position Year ended June 30,						
2018			2017			
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 232,372	\$ 4,511,027	\$ 4,743,399	\$ 339,572	\$ 3,851,172	\$ 4,190,744
Operating grants and contributions	2,505,444	807,718	3,313,162	2,152,592	805,480	2,958,072
Capital grants and contributions	-		-	250,000		250,000
General revenues:						
Property taxes	135,017,696		135,017,696	130,899,879		130,899,879
Federal and state aid not restricted to specific purposes	51,706,779		51,706,779	49,505,740		49,505,740
Miscellaneous	898,268		898,268	650,587		650,587
Total revenues	190,360,559	5,318,745	195,679,304	183,798,370	4,656,652	188,455,022
Expenses:						
Instructional	99,714,113	2,815,472	102,529,585	103,068,116	2,691,092	105,759,208
Support services	83,752,634	2,703,009	86,455,643	80,742,014	2,562,331	83,433,106
Charter school	231,982		231,892	259,712		259,712
Interest on long-term debt	1,210,147		1,210,147	1,245,936		1,245,936
Total expenses	184,908,876	5,518,481	190,427,357	185,315,778	5,253,423	190,569,201
Change in net position	5,451,683	(199,736)	5,251,947	(1,517,408)	(596,771)	(2,114,179)
Net position (deficit) – beginning of year	(14,270,852)	1,554,832	(12,716,020)	(11,070,907)	2,151,603	(8,919,304)
Net position (deficit)– end of year	\$ (8,819,169)	\$ 1,355,096	\$ (7,464,073)	\$ (12,588,315)	\$ 1,554,832	\$ (11,033,483)

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 2018 and the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as compared to the previous year, offset by the decrease in the on-behalf pension TPAF 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 \$199,736 due mainly to negative 2018 operating results in the Adult and Community Education Program of \$216,574 offset by the \$16,838 positive 2018 operating results of the Food Service Program.

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 \$3,358,575, while the total fund balance was \$14,609,485. The net change in total fund balance for the General Fund was an increase of \$4,359,335, which was mainly attributable to the District's receiving extraordinary aid of \$1,028,153 in excess of the budgeted amount anticipated and due to the fiscal conservatism in expending budgetary resources.

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 an increase of \$102,852 attributable mostly to an increase in federal grants expended. IDEA continues to be the largest grant in the special revenue fund, with expenditures in the current fiscal year of \$1,683,561.

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 or prior fiscal year. Current year capital project cancellations resulted in a transfer out to the general fund of \$294,053, bringing the Capital Projects fund balance to \$0.

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 \$1,516.

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, 2018, 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 from 2017	Percent of Increase
Local sources	\$136,176,092	83.05%	\$ 4,268,139	3.24%
State sources	25,491,638	15.55	2,668,606	11.69
Federal sources	2,302,073	1.40	34,538	1.52
Total	\$163,969,803	100.00%	\$ 6,971,283	4.44%

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 increase in federal sources is due to an increase in Title I, and IDEA offset by the decrease in FEMA revenue compared to the 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, 2018, 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	(Decrease) Increase from 2017	Percent of (Decrease) Increase
Current expenditures:				
Instruction	\$ 56,222,205	34.94%	\$ (1,328,326)	(2.31)%
Support services	97,585,833	60.65	4,318,278	4.63
Capital outlay	3,490,654	2.17	(377,471)	(9.76)
Charter schools	231,982	0.14	(27,730)	(10.68)
Debt service:				
Principal	1,950,000	1.21	50,000	2.63
Interest	1,424,400	0.89	(70,813)	(4.74)
Total	\$160,905,074	100.00%	\$ 2,563,938	1.62%

The decrease in instruction is mainly attributable to a decrease in purchased professional – educational services. The increase in support services is mainly attributable to the increase in the on-behalf post-retirement benefit contributions paid by the State on behalf of the District.

The decrease in capital outlay is attributable to the District completing fewer capital projects in fiscal year 2018 than in fiscal year 2017, offset in part by an increase in capital lease activity.

General Fund Budgetary Highlights

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

- Total special education – instruction – resource room – the increase of \$755,608 is due to the District reallocating instructional positions after the adoption of the budget.
- Total instruction – regular programs - a decrease of \$1,211,548 is due to the District in regular needing funds for other purposes other than for salaries of teachers.
- Other support services – students – extra services – an increase of \$872,882 is the result of additional resources necessary for salaries and purchased professional – educational services.
- Unallocated benefits – employee benefits – a decrease of \$591,716 is the result of benefit cost increases being lower than originally anticipated.

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 \$918,902 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 \$747,124 is mainly attributable to the actual tuition costs which were lower than anticipated due to less students sent to private schools for the disabled.
- Total support services – general administration – a positive variance of \$610,424 is the result of cutting costs in professional fees and communications and telephone services
- Total unallocated benefits – a positive variance of \$2,079,892 is the result of savings in health benefits due to premium increases being less than originally anticipated.

Capital Assets

At the end of the fiscal years ended June 30, 2018 and 2017, the District had \$71,041,850 and \$74,914,094 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	
	2018	2017	2018	2017
Land	\$ 3,956,475	\$ 3,956,475		
Land improvements	3,211,912	3,410,626		
Construction in progress	-	519,533		
Building and building improvements	60,279,665	63,006,472		
Machinery and equipment	3,089,746	3,464,640	\$ 504,052	\$ 556,348
Total	\$ 71,537,798	\$ 74,357,746	\$ 504,052	\$ 556,348

The decrease in land improvements, building and building improvements and machinery and equipment is mainly due to depreciation expense exceeding additions during the 2018 fiscal year.

The reduction in construction in progress was due to capital assets being placed in service during the 2018 fiscal year.

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

Debt Administration

At June 30, 2018, the District had \$94,294,281 of outstanding long-term liabilities. Of this amount, \$1,001,816 is for compensated absences; \$33,555,501 of serial bonds including an unamortized premium on bonds of \$3,935,501; \$390,738 is for other post-employment retirement benefits payable; and \$15,204,082 is for capital leases. In addition, the District had a net pension liability of \$44,142,144 at June 30, 2018. 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 District 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 Board negotiated a 1-year successor agreement with the administrators' union (APSA). The successor agreement will expire June 30, 2019. The Board will also be entering negotiations with the paraprofessionals' union (PTHEA) and the secretaries' union (ESAPTH) as their collective bargaining agreements will expire June 30, 2019. The collective bargaining agreement with the teachers' union (PTHEA) expired June 30, 2018. The Board is currently in negotiations with the PTHEA.
3. The District continues to maintain its facilities. In the 2017-2018 school year, the District replaced the canopy at Littleton Elementary School, began replacing the press box at the Parsippany Hills High School athletic field and various small projects such as replacement flooring, exterior door replacement and paving.

All of the above factors were considered in preparing the District's 2018-19 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, 2018.

Parsippany-Troy Hills School District

Statement of Net Position

June 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 11,027,210	\$ 1,387,335	\$ 12,414,545
Accounts receivable	2,085,166	126,635	2,211,801
Other assets		23,489	23,489
Inventories		23,627	23,627
Restricted assets:			
Cash held with fiscal agent	1,094,087		1,094,087
Cash and cash equivalents	2,333,351		2,333,351
Capital assets, non-depreciable	3,956,475		3,956,475
Capital assets, depreciable, net	66,581,323	504,052	67,085,375
Total assets	87,077,612	2,065,138	89,142,750
Deferred outflows of resources			
Pension deferrals	12,934,769		12,934,769
Unamortized deferred loss on refunded debt	1,935,995		1,935,995
Total deferred outflows of resources	14,870,764		14,870,764
Liabilities			
Accounts payable and accrued liabilities	2,599,693	132,902	2,732,595
Accrued interest payable	694,308		694,308
Payable to state government	47,532		47,532
Other liabilities	94,087		94,087
Unearned revenue	13,613	577,140	590,753
Net pension liability	44,142,144		44,142,144
Current portion of long-term obligations	4,976,397		4,976,397
Noncurrent portion of long-term obligations	45,175,740		45,175,740
Total liabilities	97,743,514	710,042	98,453,556
Deferred inflow of resources			
Pension deferrals	13,024,031		13,024,031
Net position			
Net investment in capital assets	24,714,210	504,052	25,218,262
Restricted for:			
Capital reserve	2,067,845		2,067,845
Emergency reserve	265,506		265,506
Excess fund balance	8,270,980		8,270,980
Unrestricted (deficit)	(44,137,710)	851,044	(43,286,666)
Total net position	\$ (8,819,169)	\$ 1,355,096	\$ (7,464,073)

Parsippany-Troy Hills School District

Statement of Activities

Year ended June 30, 2018

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	\$ 68,605,225				\$ (68,605,225)		\$ (68,605,225)
Special education	20,373,590		\$ 1,134,072		(19,239,518)		(19,239,518)
Other instruction	6,834,339				(6,834,339)		(6,834,339)
School sponsored instruction	3,900,959				(3,900,959)		(3,900,959)
Support services:							
Tuition	9,778,393	\$ 232,372	1,371,372		(8,174,649)		(8,174,649)
Student activities	25,928,861				(25,928,861)		(25,928,861)
Instruction services	6,394,118				(6,394,118)		(6,394,118)
General administration services	1,349,845				(1,349,845)		(1,349,845)
School administration services	8,401,715				(8,401,715)		(8,401,715)
Central services	3,170,089				(3,170,089)		(3,170,089)
Admin information technology	2,728,705				(2,728,705)		(2,728,705)
Plant operations and maintenance	16,829,592				(16,829,592)		(16,829,592)
Pupil transportation	9,171,316				(9,171,316)		(9,171,316)
Interest and other charges on long-term debt	1,210,147				(1,210,147)		(1,210,147)
Charter schools	231,982				(231,982)		(231,982)
Total governmental activities	184,908,876	232,372	2,505,444	-	(182,171,060)		(182,171,060)
Business-type activities							
Food service	2,703,009	1,912,129	807,718			\$ 16,838	16,838
Adult and community education	2,815,472	2,598,898				(216,574)	(216,574)
Total business-type activities	5,518,481	4,511,027	807,718			(199,736)	(199,736)
Total primary government	\$ 190,427,357	\$ 4,743,399	\$ 3,313,162	\$ -	(182,171,060)	(199,736)	(182,370,796)
General revenues							
Property taxes, levied for general purposes					132,215,563		132,215,563
Property taxes, levied for debt service					2,802,133		2,802,133
State aid not restricted					51,689,836		51,689,836
Federal aid not restricted					16,943		16,943
Investment earnings					17,278		17,278
Miscellaneous income					880,990		880,990
Total general revenues					187,622,743	-	187,622,743
Change in net position					5,451,683	(199,736)	5,251,947
Net position—beginning (deficit)					(14,270,852)	1,554,832	(12,716,020)
Net position—ending (deficit)					\$ (8,819,169)	\$ 1,355,096	\$ (7,464,073)

Fund Financial Statements

Governmental Funds

Parsippany-Troy Hills School District
Governmental Funds

Balance Sheet

June 30, 2018

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Assets					
Cash and cash equivalents	\$ 11,025,694			\$ 1,516	\$ 11,027,210
Accounts receivable:					
State	1,670,364				1,670,364
Federal		\$ 364,290			364,290
Interfund	240,841				240,841
Other	30,242	20,270			50,512
Restricted assets:					
Cash held with fiscal agents	1,094,087				1,094,087
Cash and cash equivalents	2,333,351				2,333,351
Total assets	<u>\$ 16,394,579</u>	<u>\$ 384,560</u>	<u>\$ -</u>	<u>\$ 1,516</u>	<u>\$ 16,780,655</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 691,007	\$ 82,574			\$ 773,581
Intergovernmental payables:					
State		47,532			47,532
Interfunds payable		240,841			240,841
Other liabilities	1,094,087				1,094,087
Unearned revenue		13,613			13,613
Total liabilities	<u>1,785,094</u>	<u>384,560</u>			<u>2,169,654</u>
Fund balances:					
Restricted for:					
Capital reserve	2,067,845				2,067,845
Emergency reserve	265,506				265,506
Debt service				\$ 1,516	1,516
Excess fund balance-current year	4,860,057				4,860,057
Excess fund balance-prior year	3,410,923				3,410,923
Assigned to:					
Other purposes	646,579				646,579
Unassigned	3,358,575				3,358,575
Total fund balances	<u>14,609,485</u>			<u>1,516</u>	<u>14,611,001</u>
Total liabilities and fund balances	<u>\$ 16,394,579</u>	<u>\$ 384,560</u>	<u>\$ -</u>	<u>\$ 1,516</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 \$112,834,632 and the accumulated depreciation is \$42,296,836.	70,537,798
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.	(694,308)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(89,262)
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.	1,935,995
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.	(44,142,144)
Accrued pension contributions for the June 30, 2018 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.	(1,826,112)
Other liabilities included in the governmental funds represent a lease that was entered into on June 30, 2018 and is included as a liability in the long-term liabilities.	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>(50,152,137)</u>
Net position (deficit) of governmental activities	<u>\$ (8,819,169)</u>

Parsippany-Troy Hills School District
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2018

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues:					
Local sources:					
Local tax levy	\$ 132,215,563			\$ 2,802,133	\$ 135,017,696
Tuition from individuals	232,372				232,372
Interest	17,278				17,278
Miscellaneous	880,990	\$ 27,756			908,746
Total local sources	<u>133,346,203</u>	<u>27,756</u>		<u>2,802,133</u>	<u>136,176,092</u>
State sources	24,727,366	192,558		571,714	25,491,638
Federal sources	16,943	2,285,130			2,302,073
Total revenues	<u>158,090,512</u>	<u>2,505,444</u>		<u>3,373,847</u>	<u>163,969,803</u>
Expenditures:					
Current:					
Regular instruction	38,322,588				38,322,588
Special education instruction	10,700,573	1,134,072			11,834,645
Other instruction	3,706,079				3,706,079
School sponsored instruction	2,358,893				2,358,893
Support services & undist costs:					
Tuition	8,406,157	1,371,372			9,777,529
Student services	14,930,575				14,930,575
Instruction services	3,614,699				3,614,699
General administration	972,171				972,171
School administration	4,726,857				4,726,857
Central services	1,926,825				1,926,825
Admin info technology	1,813,103				1,813,103
Plant oper. & maintenance	10,782,386				10,782,386
Pupil transportation	7,586,885				7,586,885
Unallocated benefits	40,496,691				40,496,691
Capital outlay	1,408,329				1,408,329
Charter school	231,982				231,982
Debt service:					
Principal	2,687,325			1,950,000	4,637,325
Interest	353,112			1,424,400	1,777,512
Total expenditures	<u>155,025,230</u>	<u>2,505,444</u>		<u>3,374,400</u>	<u>160,905,074</u>
Excess (deficiency) of revenues over (under) expenditures	3,065,282			(553)	3,064,729
Other financing sources (uses):					
Capital leases (non-budgeted)	1,000,000				1,000,000
Transfers in	294,053				294,053
Transfers out			\$ (294,053)		(294,053)
Total other financing sources (uses)	<u>1,294,053</u>		<u>(294,053)</u>		<u>1,000,000</u>
Net change in fund balances	4,359,335		(294,053)	(553)	4,064,729
Fund balances, July 1	10,250,150	-	294,053	2,069	10,546,272
Fund balances, June 30	<u>\$ 14,609,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,516</u>	<u>\$ 14,611,001</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, 2018

Total net change in fund balances - governmental funds (from B-2)	\$	4,064,729
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	\$ 653,779	
Depreciation expense	<u>(4,463,714)</u>	(3,809,935)
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.		30,174
Loss on disposition of assets		(10,013)
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.		(224,574)
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.		1,950,000
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.		1,930,942
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 statement of activities.		(1,000,000)
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.		2,687,235
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).		74,894
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		(650,422)
Change in net position of governmental activities (A-2)	\$	<u>5,451,683</u>

Enterprise Fund

Parsippany-Troy Hills School District
Proprietary Fund

Statement of Net Position

June 30, 2018

	Major Enterprise Funds		Total
	Food Service	Adult and Community Education	
Assets			
Current assets:			
Cash and cash equivalents	\$ 315,797	\$ 1,071,538	\$ 1,387,335
Accounts receivable:			
State	1,457		1,457
Federal	32,600		32,600
Other	92,578		92,578
Other assets		23,489	23,489
Inventories	23,627		23,627
Total current assets	<u>466,059</u>	<u>1,095,027</u>	<u>1,561,086</u>
Non-current assets:			
Capital assets:			
Equipment	1,018,468		1,018,468
Accumulated depreciation	(514,416)		(514,416)
Total capital assets, net	<u>504,052</u>		<u>504,052</u>
Total assets	<u>970,111</u>	<u>1,095,027</u>	<u>2,065,138</u>
Liabilities			
Current liabilities:			
Accounts payable	49,311	83,591	132,902
Unearned revenue	5,889	571,251	577,140
Total current liabilities	<u>55,200</u>	<u>654,842</u>	<u>710,042</u>
Net position			
Investment in capital assets	504,052		504,052
Unrestricted	410,859	440,185	851,044
Total net position	<u>\$ 914,911</u>	<u>\$ 440,185</u>	<u>\$ 1,355,096</u>

Parsippany-Troy Hills School District
Proprietary Fund

Statement of Revenues, Expenses and
Changes in Net Position

Year ended June 30, 2018

	Major Enterprise Funds		Total
	Food Service	Adult and Community Education	
Operating revenues:			
Local sources:			
Daily sales-reimbursable programs	\$ 748,280		\$ 748,280
Daily sales-non reimbursable programs	932,505		932,505
Special event income	231,344		231,344
Adult school income		\$ 2,598,898	2,598,898
Total operating revenues	<u>1,912,129</u>	<u>2,598,898</u>	<u>4,511,027</u>
Operating expenses:			
Cost of sales - reimbursable programs	997,680		997,680
Cost of sales - non-reimbursable programs	197,180		197,180
Salaries and wages	847,931	718,300	1,566,231
Purchased professional/technical services		1,347,179	1,347,179
Other purchased services		454,959	454,959
Employee benefits	192,571	81,124	273,695
Supplies, insurance & other costs	290,668	212,891	503,559
Depreciation expense	52,296		52,296
Management fee	113,813		113,813
Miscellaneous expense	10,870	1,019	11,889
Total operating expenses	<u>2,703,009</u>	<u>2,815,472</u>	<u>5,518,481</u>
Operating (loss)	(790,880)	(216,574)	(1,007,454)
Nonoperating revenues:			
State sources:			
State school lunch program	24,801		24,801
Federal sources:			
National school lunch program	511,712		511,712
National school breakfast program	61,951		61,951
Food donation program	209,254		209,254
Total nonoperating revenues	<u>807,718</u>	<u>-</u>	<u>807,718</u>
Change in net position	16,838	(216,574)	(199,736)
Total net position-beginning	898,073	656,759	1,554,832
Total net position-ending	<u>\$ 914,911</u>	<u>\$ 440,185</u>	<u>\$ 1,355,096</u>

Parsippany-Troy Hills School District
Proprietary Fund

Statement of Cash Flows

Year ended June 30, 2018

	Major Enterprise Funds		Totals
	Food Service	Adult and Community Education	
Cash flows from operating activities			
Receipts from customers	\$ 1,818,285	\$ 2,618,691	\$ 4,436,976
Payments for salaries and wages	(847,931)	(718,300)	(1,566,231)
Payments for employee benefits	(192,571)	(81,124)	(273,695)
Payments to suppliers	(1,602,627)	(1,949,987)	(3,552,614)
Net cash (used for) operating activities	<u>(824,844)</u>	<u>(130,720)</u>	<u>(955,564)</u>
Cash flows from noncapital financing activities			
State school lunch program	24,733		24,733
National school breakfast program	60,200		60,200
National school lunch program	516,661		516,661
Food donation program	211,569		211,569
Net cash provided by noncapital financing activities	<u>813,163</u>		<u>813,163</u>
Net (decrease) in cash and cash equivalents	(11,681)	(130,720)	(142,401)
Cash and cash equivalents, beginning of year	<u>327,478</u>	<u>1,202,258</u>	<u>1,529,736</u>
Cash and cash equivalents, end of year	<u><u>\$ 315,797</u></u>	<u><u>\$ 1,071,538</u></u>	<u><u>\$ 1,387,335</u></u>
Reconciliation of operating (loss) to net cash (used for) operating activities			
Operating (loss)	\$ (790,880)	\$ (216,574)	\$ (1,007,454)
Adjustments to reconcile operating (loss) to net cash (used for) operating activities:			
Depreciation	52,296		52,296
Change in assets and liabilities:			
(Increase) in other accounts receivable	(91,531)		(91,531)
(Increase) in inventory	(402)		(402)
(Increase) in prepaid expenses		(23,489)	
Increase in accounts payable	5,673	66,061	71,734
Increase in unearned revenue		43,282	43,282
Net cash (used for) operating activities	<u><u>\$ (824,844)</u></u>	<u><u>\$ (130,720)</u></u>	<u><u>\$ (955,564)</u></u>

Noncash noncapital financing activities:

The District received \$211,569 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2018.

Fiduciary Funds

Parsippany-Troy Hills School District
 Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2018

	Unemployment Compensation Trust Fund	Private Purpose Scholarship Trust Funds	Agency Fund
Assets			
Cash and cash equivalents	\$ 1,703,914	\$ 71,598	\$ 1,857,349
Total assets	1,703,914	71,598	\$ 1,857,349
Liabilities			
Accounts payable	28,930		
Due to student groups			\$ 437,454
Payroll deductions and withholdings payable			33,594
Summer savings payable			1,386,301
Total liabilities	28,930		\$ 1,857,349
Net position:			
Held in trust for:			
Unemployment compensation claims	1,674,984		
Scholarships		71,598	
Total net position	\$ 1,674,984	\$ 71,598	

Parsippany-Troy Hills School District
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2018

	Unemployment Compensation Trust Fund	Private Purpose Scholarship Trust Funds
	<u> </u>	<u> </u>
Additions:		
Employee contributions	\$ 175,417	
Donations and interest		\$ 38,875
	<u> </u>	<u> </u>
Total Additions	175,417	38,875
	<u> </u>	<u> </u>
Deductions:		
Unemployment compensation claims	240,875	
Scholarships awarded		39,850
	<u> </u>	<u> </u>
Total Deductions	240,875	39,850
	<u> </u>	<u> </u>
Change in net position	(65,458)	(975)
Net position, beginning	1,740,442	72,573
	<u> </u>	<u> </u>
Net position, ending	<u>\$ 1,674,984</u>	<u>\$ 71,598</u>

See accompanying notes to the basic financial statements.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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 internal 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, 2018

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, 2018 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, 2018

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, 2018, the unused Food Donation Program commodities of \$5,889 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 acquisition value on the date of acquisition.

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, 2018

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, 2018, the amount earned by these employees but not disbursed was \$1,386,301 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, 2018 amounted to \$224,574 and the remaining balance at June 30, 2018 is \$1,935,995.

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 \$1,001,816 at June 30, 2018. 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, 2018

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, 2018

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 \$14,609,485 of fund balances in the General Fund at June 30, 2018, \$2,067,845 has been restricted in the capital reserve account, \$265,506 has been restricted in the emergency reserve account, \$4,860,057 has been restricted for excess fund balance - current year, \$3,410,923 has been classified as

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

O. Fund Balances

restricted excess fund balance prior year designated for subsequent years expenditures, \$646,579 of encumbrances is assigned to other purposes and \$3,358,575 is unassigned.

The Debt Service Fund has \$1,516 of restricted fund balance at June 30, 2018, which has been utilized in the 2018-2019 budget.

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 \$17,655,584 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, 2018

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 2018 fiscal year in the amount of \$4,860,057, which will be utilized in its 2019-20 budget. The District also has prior year excess fund balance in the amount of \$3,410,923 which was utilized in the 2018-19 fiscal year budget.

T. GASB Pronouncements

GASB Pronouncements implemented in the 2018 Fiscal Year

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017. The District has adopted GASB No. 75 during the year ended June 30, 2018, which resulted in the recording of full accrual revenues and expenses and additional disclosures.

In March, 2017, GASB issued Statement No. 85, *Omnibus 2017*. This Statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this Statement are effective for periods beginning after June 15, 2017. The District has adopted GASB Statement No. 85 during the year ended June 30, 2018.

Recently Issued Accounting Pronouncements

GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018. Management of the District have not yet determined the impact of the Statement on its financial statements.

GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019. Management of the District have not yet determined the impact of the Statement on its financial statements.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

U. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2018 and February 11, 2019, 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.

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 \$50,152,137 difference are as follows:

Bonds payable	\$ 29,620,000
Premium on bonds	3,935,501
Other post-employment benefit payable	390,738
Capital leases payable	15,204,082
Compensated absences	<u>1,001,816</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 50,152,137</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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

3. Deposits and Investments (continued)

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 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, 2018, the carrying amount of the District's deposits was \$18,122,209 and the bank balance was \$9,055,389, 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, 2018 was secured by federal depository insurance. The New Jersey GUDPA covered the bank balance of \$6,490,216. \$2,315,173 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 \$1,094,087 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.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

3. Deposits and Investments (continued)

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.

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, 2018, the District's balance was \$330,529 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 returns 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, 2018, the District's balance with NJCMF was \$1,022,107. The debt instruments in the NJCMF are rated by three national rating agencies.

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.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

3. Deposits and Investments (continued)

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. The debt instruments in the NJCMF are rated by three national rating agencies. The NJARM Joint Account portfolio is rated AAA by Standard & Poor's.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. At June 30, 2018, 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, 2018.

4. Capital Assets

The following is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2018:

	Beginning Balance	Additions	Dispositions / Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,956,475			\$ 3,956,475
Construction in progress	519,533		\$ (519,533)	
Total capital assets, not being depreciated	4,476,008		(519,533)	3,956,475
Capital assets, being depreciated:				
Land improvements	5,793,388	\$ 61,075		5,854,463
Buildings and building improvements	91,075,012	146,964	507,500	91,729,476
Machinery, equipment and vehicles	11,088,828	445,740	(240,348)	11,294,220
Total capital assets being depreciated	107,957,228	653,779	267,152	108,878,159
Less accumulated depreciation for:				
Land improvements	(2,382,762)	(259,789)		(2,642,551)
Buildings and building improvements	(28,068,540)	(3,384,416)	3,145	(31,449,811)
Machinery, equipment and vehicles	(7,624,188)	(819,509)	239,223	(8,204,474)
Total accumulated depreciation	(38,075,490)	(4,463,714)	242,368	(42,296,836)
Total capital assets, being depreciated, net	69,881,738	(3,809,935)	(10,013)	66,581,323
Governmental activities capital assets, net	\$ 74,357,746	\$ (3,809,935)	\$ (10,013)	\$ 70,537,798

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

4. Capital Assets (continued)

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

Instruction	\$ 2,613,574
Student activities	694,070
Instruction services	168,035
Central services	91,497
Plant operations and maintenance	543,850
Pupil transportation	352,688
Total depreciation expense – governmental activities	<u>\$ 4,463,714</u>

The following is a summarization of the business-type activities changes in capital assets for the fiscal year ended June 30, 2018:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Balance</u>
Business-type activities:			
Capital assets, being depreciated:			
Equipment and vehicles	\$ 1,018,468		\$ 1,018,468
Less accumulated depreciation for:			
Equipment and vehicles	(462,120)	\$ (52,296)	(514,416)
Total business-type activities capital assets, net	<u>\$ 556,348</u>	<u>\$ (52,296)</u>	<u>\$ 504,052</u>

5. Long-Term Liabilities

During the fiscal year ended June 30, 2018, 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	\$ 1,076,710	\$ 87,706	\$ 162,600	\$ 1,001,816	\$ 257,779
Bonds payable	31,570,000		1,950,000	29,620,000	2,025,000
Other postemployment benefit payable	2,321,680		1,930,942	390,738	
Premium on bonds	4,344,154		408,653	3,935,501	408,653
Obligations under capital leases	16,891,317	1,000,000	2,687,235	15,204,082	2,284,965
Sub-total	56,203,861	1,087,706	7,139,430	50,152,137	4,976,397
Net pension liability	57,271,966		13,129,822	44,142,144	
Governmental activities long-term liabilities	<u>\$ 113,475,827</u>	<u>\$ 1,087,706</u>	<u>\$ 20,539,252</u>	<u>\$ 94,294,281</u>	<u>\$ 4,976,397</u>

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

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.

On April 24, 2014, the District issued \$19,715,000 of school refunding bonds with interest rates ranging between 4.00% 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:			
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	2,240,000	995,750	3,235,750
2024-2028	10,910,000	3,307,750	14,217,750
2029-2033	7,885,000	759,875	8,644,875
	<u>\$29,620,000</u>	<u>\$ 9,971,875</u>	<u>\$ 39,591,875</u>

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

5. Long-Term Liabilities (continued)

Bonds Payable – (continued)

Bonds payable at June 30, 2018 are comprised of the following issues:

\$19,715,000, 2014 refunding school bonds are due in annual installments ranging from \$2,025,000 to \$2,265,000 through August 2025 at interest rates ranging from 4.0% 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 through August 2031 at an interest rate of 5.0%.

Bonds Authorized But Not Issued

As of June 30, 2018, 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 2.96%. 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, 2018:

	<u>Amount</u>
Fiscal year ending June 30:	
2019	\$ 2,621,323
2020	2,165,284
2021	1,391,435
2022	1,101,969
2023	912,522
2024-2028	4,295,876
2029-2033	4,798,860
2034-2037	<u>731,756</u>
Total minimum lease payment	18,019,025
Less amount representing interest	<u>(2,814,943)</u>
Present value of net future minimum lease payments	<u>\$ 15,204,082</u>

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 \$1,300,000. The lease was issued at a fixed interest rate of 1.48%. A final principal payment of \$205,221 is due August, 2018.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

5. Long-Term Liabilities (continued)

Capital Leases Payable (continued)

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 \$722,164 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 1.561%. Principal payments range from \$249,227 to \$253,118 through July 2019.

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 \$226,963 to \$229,375 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%. A final principal payment of \$342,724 is due on August 28, 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 \$94,969 to \$98,342 per year payable on each July 1 through 2020.

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 \$203,850 per year payable on each August 1 through 2021.

On June 11, 2018, the Board of Education entered into an equipment lease for an amount not to exceed \$501,500. The lease was issued at an interest rate of 2.785%. Principal payments range from \$104,199 to \$201,379 per year through August 2020.

On June 11, 2018, the Board of Education entered into an equipment lease for an amount not to exceed \$498,500. The lease was issued at an interest rate of 2.961%. Principal payments range from \$95,896 to \$104,669 per year through August 2022.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

5. Long-Term Liabilities (continued)

Capital Leases Payable (continued)

Since 2012, the District's has capitalized assets acquired from capital lease proceeds of \$24,709,659 at June 30, 2018.

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, 2018

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.

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

Funding Policy (continued)

Defined Contribution Retirement Plan (continued)

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.

The District's actuarially determined contributions to PERS amounted to \$1,756,692, \$1,723,915, and \$1,898,568 for the fiscal years ended June 30, 2018, 2017 and 2016, respectively. During the year ended June 30, 2018, the State of New Jersey contributed \$14,077,256 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 \$4,315,827 during the year ended June 30, 2018 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. For the year ended June 30, 2018, the employee and employer contributions for the DCRP were \$229,019 and \$126,854, respectively. For the year ended June 30, 2017, the employee and employer contributions for DCRP 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.

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, 2018, the District reported a liability of \$44,142,144 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2016, which was rolled forward to June 30, 2017. 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, 2017, the District's proportion was 0.1896270394 percent, which was a decrease of 0.0037474113 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized full accrual pension expense of \$2,407,100 in the government-wide financial statements. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,039,395	
Changes of assumptions	8,893,121	\$ 8,860,517
Net difference between projected and actual earnings on pension plan investments	300,578	
Changes in proportion and differences between District contributions and proportionate share of contributions	875,563	4,163,514
District contributions subsequent to the measurement date	1,826,112	
	<u>\$ 12,934,769</u>	<u>\$ 13,024,031</u>

\$1,826,112 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:	
2019	\$ 273,074
2020	883,734
2021	21,697
2022	(2,083,541)
2023	(1,010,338)
	<u>\$ (1,915,374)</u>

Additional Information

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.25%
Salary increases	1.65% - 4.15% based on age
Thereafter	2.65% - 5.15% based on age
Investment rate of return	7.00%

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

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

Additional Information (continued)

Actuarial Assumptions (continued)

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, 2011 to June 30, 2014. 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 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 formers 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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

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>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 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, 2018

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, 2018 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 (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	At 1% Decrease (4.00%)	At Current Discount Rate (5.00%)	At 1% Increase (6.00%)
District's proportionate share of the net pension liability	\$ 54,761,325	\$ 44,142,144	\$ 35,295,050

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 the end of the current measurement period, June 30, 2017 are as follows:

Deferred outflows of resources	\$ 6,424,455,842
Deferred inflows of resources	\$ 5,700,625,981
Net pension liability	\$ 23,278,401,588
District's Proportion	0.1896270394%

Collective pension expense for the Local Group for the measurement period ended June 30, 2017 is \$1,694,305,613.

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, 2017, 2016, 2015 and 2014 is 5.48, 5.57, 5.72, and 6.44 years, respectively.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

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) – Special Funding Situation

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 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, 2017 was \$378,227,288. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. 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, 2017, the State's proportionate share of the TPAF net pension liability associated with the District was 0.5609716107% percent, which was an increase of 0.0007215443% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$26,201,671 for contributions incurred by the State.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

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	7.00%

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, 2016 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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

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>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, 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, 2018

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, 2017 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 (3.25%) or 1-percentage-point higher (5.25%) than the current rate:

	At 1% Decrease (3.25%)	At Current Discount Rate (4.25%)	At 1% Increase (5.25%)
State's proportionate share of the net pension liability associated with the District	\$ 449,345,882	\$ 378,227,288	\$ 319,639,481

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, 2017 are as follows:

Deferred outflows of resources	\$ 14,251,854,934
Deferred inflows of resources	\$ 11,807,238,433
Net pension liability	\$ 67,423,605,859

State's proportionate share associated with the District	0.5609716107%
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Collective pension expense of the Local Group for the plan for the measurement period ended June 30, 2017 is \$4,682,493,081.

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, 2017, 2016, 2015 and 2014 is 8.3, 8.3, 8.3, and 8.5 years, respectively.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits

State of New Jersey's Post-Employment Benefits Plan

Plan description and benefits provided

The School District contributes to the New Jersey State Health Benefits Program (the "SHBP"), a multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

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, 2018, 2017 and 2016 were \$5,519,736, \$5,257,521 and \$5,341,085 respectively, which equaled the required contributions for each year.

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the 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, c.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. 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. As the employer contributions for local government education employers are legally required to be funded by the State, this constitutes a special funding situation as defined by GASB Statement No. 75 (GASB 75) and the State is treated as a non-employer contributing entity.

The State is also responsible for the cost attributable P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

The State provides OPEB benefits through a defined benefit OPEB plan that is not administered through

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits – (continued)

a trust that meets the criteria in paragraph 4 of GASB 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Total OPEB Liability

The net OPEB liability from New Jersey’s plan is \$53,639,841,858.

Below represents the changes in the State’s portion of the total OPEB liability associated with the District for the year ended June 30, 2017:

	<u>Total OPEB Liability</u>
Beginning Total OPEB Liability, June 30, 2016	\$ 306,508,509
Changes for the year:	
Service cost	12,280,607
Interest cost	8,995,933
Changes of assumptions	(37,754,777)
Member contributions	241,965
Gross benefit payments	(6,571,120)
Net changes	<u>(22,807,392)</u>
Ending Total OPEB Liability, June 30, 2017	<u>\$ 283,701,117</u>

Employees covered by benefit terms

The following employees were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2017</u>
Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefit	142,331
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	<u>366,078</u>

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State’s proportionate share of the net OPEB liability associated with the District as of June 30, 2017 was \$283,701,117. Additional information can be obtained from the State of New Jersey’s comprehensive annual financial report.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits – (continued)

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2018 actuarial valuation reported by the State in the State’s most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

	TPAF	PERS
Inflation rate	2.50%	2.50%
Salary increase through 2026	1.55 - 4.55%	2.15 - 4.15%
	based on years of service	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%
	based on years of service	based on age

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the actual experience studies for the periods July 1, 2012 – June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is 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.

Mortality Rates

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality table for males or females, as appropriate, with adjustments for mortality improvements based on MP- 2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits – (continued)

benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The following represents sensitivity of the State's proportionate share of the net OPEB liability associated with the District to changes in the discount rate and healthcare cost trend rate.

The following presents the State's proportionate share of the net OPEB liability associated with the District as of June 30, 2017 calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current discount rate:

	At 1% Decrease (2.58%)	At Current Discount Rate (3.58%)	At 1% Increase (4.58%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 336,773,694	\$ 283,701,117	\$ 241,603,445

The following presents the State's proportionate share of the net OPEB liability associated with the District as of June 30, 2017 calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	At 1% Decrease	Healthcare Cost Trend Rates	At 1% Increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 233,316,743	\$ 283,701,117	\$ 350,610,972

OPEB Expense and Deferred Outflows of resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$17,281,259 for OPEB expenses incurred by the State.

Collective balances of the Education Group at June 30, 2017 are as follows:

Deferred outflows of resources	\$ 99,843,255
Deferred inflows of resources	\$ 6,443,612,287
Collective OPEB Expense	\$ 3,348,490,523
District's Proportion	0.53%

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits – (continued)

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State, therefore, the District records an expense and corresponding revenue for its respective share of total OPEB expense and revenue attributable to the State of New Jersey.

Parsippany-Troy Hills School District's Post-Employment Health Plan

Plan Description

The District provides postemployment medical benefits, including prescription drug coverage, and vision and dental care, in accordance with state statute to certain participating retirees and their beneficiaries. As of June 30, 2018, the valuation date, approximately 4 retirees and 4 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 plan is closed to new entrants.

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

Actuarial assumptions and other inputs

The total OPEB liability of \$390,738 was reported in the June 30, 2018 actuarial valuation prepared by the District's actuary, Milliman, which was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.9%
Healthcare cost trend rates – Medical	9.5%
Healthcare cost trend rates – Pharmacy	5.0%
Healthcare cost trend rates – Vision	3.0%

The discount rate utilized during the June 30, 2018 measurement period was 2.92%.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits – (continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2018.

Changes in the total OPEB liability:

	<u>Total OPEB Liability</u>
Balance at 6/30/17	\$ 2,321,680
Changes for the year:	
Service cost	\$ 178,681
Interest	51,648
Effect of economic/demographic gains or losses	(1,957,042)
Employer contributions	(164,911)
Changes in assumptions or other inputs	<u>(39,318)</u>
Net changes	<u>\$ (1,930,942)</u>
Balance at 6/30/18	<u>\$ 390,738</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.00% in 2017 to 2.92% in 2018.

For the year ended June 30, 2018, the District recognized negative OPEB expense of \$1,930,942.

Sensitivity of the total OPEB liability to changes in the discount rate.

The following presents the total OPEB liability of the District for school board retirees, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage -point lower (1.92%) or 1-percentage-point higher (3.92%) than the current discount rate:

	<u>At 1% Decrease (1.92%)</u>	<u>At Current Discount Rate (2.92%)</u>	<u>At 1% Increase (3.92%)</u>
Net OPEB liability associated with the District	\$ 435,844	\$ 390,738	\$ 351,088

Sensitivity of the total OPEB liability to changes in the healthcare trend rates.

The following presents the total OPEB liability of the District for school board retirees, as well as what the District's total OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage -point lower (8.50%) or 1-percentage-point higher (10.50%) than the current discount rate:

	<u>At 1% Decrease (8.50%)</u>	<u>At Current Healthcare Trend Rate (9.50%)</u>	<u>At 1% Increase (10.50%)</u>
Net OPEB liability associated with the District	\$ 466,625	\$ 390,738	\$ 328,764

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

8. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2018 amounted to \$240,841 analyzed as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 240,841	
Special Revenue Fund		\$ 240,841
	<u>\$ 240,841</u>	<u>\$ 240,841</u>

The interfund between the general fund and the special revenue fund represents 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, 2018 may be impaired. In addition, the District has received 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. 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.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

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.

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, 2018 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, 2017 (latest available) is as follows:

	<u>Pooled Insurance Program of New Jersey</u>
Total Assets	<u>\$ 20,980,925</u>
Net Position	<u>\$ 9,526,025</u>
Total Revenue	<u>\$ 7,636,277</u>
Total Expense	<u>\$ 5,833,421</u>
Change in Net Position	<u>\$ 1,802,856</u>
Net Assets Distribution payable to Participating Members	<u>\$ 146,572</u>

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

Year ended June 30, 2018

11. Risk Management (continued)

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
2017-2018	\$ 1,740,442	\$ 175,417	\$ 240,875	\$ 1,674,984
2016-2017	1,687,150	178,249	124,957	1,740,442
2015-2016	1,646,403	179,996	139,249	1,687,150

12. Transfers - Reconciliation

The following presents a reconciliation of transfers during the 2018 fiscal year:

	Transfers In	Transfers Out
General Fund	\$ 294,053	
Capital Projects Fund		\$ 294,053
	\$ 294,053	\$ 294,053

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

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, 2018

14. Capital Reserve Account (continued)

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Balance, July 1, 2017	\$ 1,014,792
Increased by Deposits:	
Completed and cancelled capital projects:	
Capital Projects fund	294,053
Board resolution – June 2018	1,000,000
Interest	5,000
Decreased by Withdrawals:	
By resolution of the Board of Education	<u>(246,000)</u>
Balance, June 30, 2018	<u>\$ 2,067,845</u>

The balance in the capital reserve at June 30, 2018 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, 2018 and 2017 was \$265,506 and \$263,506, respectively. The June 30, 2018 balance of \$265,506 is being utilized in the 2018-19 budget.

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, 2018

17. Commitments

The District has contractual commitments at June 30, 2018 to various vendors, for which \$646,579 is recorded in the general fund as fund balance assigned to other purposes.

18. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provision at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

Parsippany Troy-Hills Township has entered into a tax abatement agreement in 2017. For the 2017 year, Parsippany Troy-Hills Township recognized revenue of \$313,220 from the annual service charge in lieu of payment of taxes, while the taxes that would have been paid for this property were \$710,085, resulting in a reduction in taxes collected by the Township of \$396,865. A portion of this would have been allocated to the District.

19. Change in Accounting Principle

Effective in the fiscal year ended June 30, 2018, the District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of the Statements required a restatement of prior year net position in the government-wide financial statements.

	Governmental Activities
Beginning Net Position (Deficit) - June 30, 2017	\$ (12,588,315)
Adjustments:	
District OPEB Adjustment for GASB 75	<u>(1,682,537)</u>
Beginning Net Position - June 30, 2017	<u>\$ (14,270,852)</u>

Required Supplementary Information
Part II

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District's proportion of the net pension liability (asset) - Local Group	N/A	N/A	N/A	N/A	N/A	N/A	0.2189206180%	0.2208325869%	0.1933744507%	0.1896270394%
District's proportionate share of the net pension liability (asset)	N/A	N/A	N/A	N/A	N/A	N/A	\$ 40,987,927	\$ 49,572,491	\$ 57,271,966	\$ 44,142,144
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
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	279.67%	382.30%	434.89%	346.93%
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	52.08%	47.93%	40.14%	48.10%

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Contractually required contribution	\$ 1,014,329	\$ 1,216,633	\$ 1,591,808	\$ 1,723,171	\$ 1,599,257	\$ 1,576,627	\$ 1,804,750	\$ 1,898,568	\$ 1,717,911	\$ 1,756,692
Contributions in relation to the contractually required contribution	(1,014,329)	(1,216,633)	(1,591,808)	(1,723,171)	(1,599,257)	(1,576,627)	(1,804,750)	(1,898,568)	(1,717,911)	(1,756,692)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 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	\$ 12,861,862
Contributions as a percentage of covered-employee payroll	7.32%	8.40%	11.40%	12.35%	11.07%	10.76%	13.92%	14.42%	13.50%	13.66%

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*

	Year Ended June 30,			
	2015	2016	2017	2018
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.5599059555%	0.5602804165%	0.5602500664%	0.5609716107%
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	\$ 378,227,288
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>	<u>\$ 378,227,288</u>
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%

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
 Schedule of the State's Proportionate Share of the Net OPEB Liability
 Associated with the District and Changes in the Total OPEB Liability and Related Ratios
 Public Employee's Retirement System and Teachers' Pension and Annuity Fund

Last Ten Fiscal Years*

	2018	2017
State's proportion of the net OPEB liability (asset) associated with the District	0.28%	0.28%
District's proportionate share of the net OPEB liability (asset)	\$ -	\$ -
State's proportionate share of the net OPEB liability (asset) associated with the District	\$ 283,701,117	\$ 306,508,509
Total proportionate share of the net OPEB liability (asset) associated with the District	\$ 283,701,117	\$ 306,508,509
Plan fiduciary net position as a percentage of the total OPEB liability -	0.00%	0.00%
	2018	2017**
Total OPEB Liability		
Service cost	\$ 12,280,607	
Interest cost	8,995,933	
Changes of assumptions	(37,754,777)	
Member contributions	241,965	
Gross benefit payments	(6,571,120)	
Net change in total OPEB liability	(22,807,392)	
Total OPEB liability - beginning	306,508,509	
Total OPEB liability - ending	\$ 283,701,117	
Covered-employee payroll	\$ 72,059,808	
Total OPEB liability as a percentage of covered-employee payroll	393.70%	

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

** Information not available

See accompanying notes to required supplementary information.

Parsippany-Troy Hills School District
 Schedule of the Changes in Net OPEB Liability
 District's Plan

Last Ten Fiscal Years*

		2018
Balance, Beginning of Year	\$	2,321,680
Changes for the year:		
Service Cost		178,681
Interest		51,648
Effect of economic/demographic gains or losses		(1,957,042)
Employer contributions		(164,911)
Changes in assumptions or other inputs		(39,318)
Net changes		(1,930,942)
Balance, End of Year	\$	390,738
Total OPEB Liability	\$	390,738
OPEB plan's fiduciary net position	\$	-
Net OPEB Liability	\$	390,738
Plan fiduciary net position as a percentage of the total OPEB liability -		0.00%
Covered employee payroll	\$	-
Net OPEB liability as a percentage of covered employee payroll		0.00%

* This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

See accompanying notes to required supplementary information.

Parsippany-Troy Hills School District

Notes to Required Supplementary Information
Year Ended June 30, 2018

PENSION

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017.

OTHER POST EMPLOYMENT BENEFITS

A. Parsippany-Troy Hills Post-Employment Retirement Plan

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.00% as of June 30, 2017 to 2.92% as of June 30, 2018.

B. State of New Jersey Post-Employment Retirement Plan – PERS and TPAF

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

Required Supplementary Information
Part III

Budgetary Comparison Schedules

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Revenues					
Local sources:					
Local tax levy	\$ 132,215,563		\$ 132,215,563	\$ 132,215,563	
Tuition from individuals	225,000		225,000	232,372	\$ 7,372
Interest	8,000		8,000	17,278	9,278
Rents and Royalties	50,000		50,000	63,036	13,036
Miscellaneous	549,000		549,000	817,954	268,954
Total revenues - local sources	133,047,563		133,047,563	133,346,203	298,640
State sources:					
Special education categorical aid	4,122,500		4,122,500	4,122,500	
Equalization aid	92,029		92,029	92,029	
Security aid	152,564		152,564	152,564	
Extraordinary aid	300,000		300,000	1,328,153	1,028,153
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				100,657	100,657
On-behalf TPAF post-retirement medical (non-budgeted)				8,546,087	8,546,087
On-behalf TPAF long-term disability contributions (non-budgeted)				5,519,736	5,519,736
On-behalf TPAF pension contributions (non-budgeted)				11,433	11,433
Reimbursed TPAF social security contributions (non-budgeted)				4,315,827	4,315,827
Total - state sources	5,226,399		5,226,399	24,748,292	19,521,893
Federal sources:					
Medicaid reimbursement	61,781		61,781	16,943	(44,838)
Total - Federal sources	61,781		61,781	16,943	(44,838)
Total revenues	138,335,743		138,335,743	158,111,438	19,775,695
Expenditures					
Current Expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool	124,472		124,472	121,904	2,568
Kindergarten	2,195,570	\$ 38,214	2,233,784	2,127,682	106,102
Grades 1-5	12,340,108	(410,869)	11,929,239	11,770,556	158,683
Grades 6-8	10,188,763	(361,730)	9,827,033	9,761,598	65,435
Grades 9-12	12,081,020	(391,436)	11,689,584	11,666,541	23,043
Home Instruction:					
Salaries of teachers	73,500		73,500	38,888	34,612
Purchased professional - educational services	80,000	(44,983)	35,017	33,278	1,739
Undistributed Instruction:					
Purchased professional - educational services	1,335,000	102,577	1,437,577	1,435,662	1,915
Purchased technical services	65,784	2,183	67,967	36,320	31,647
Other purchased services	279,100	(23,359)	255,741	165,618	90,123
General supplies	1,098,460	(114,162)	984,298	754,418	229,880
Textbooks	399,901	(1,722)	398,179	254,788	143,391
Other objects	191,360	(6,261)	185,099	155,335	29,764
Total instruction - regular programs	40,453,038	(1,211,548)	39,241,490	38,322,588	918,902
Special Education: Learning / Language Disabilities:					
Salaries of teachers	872,949	(26,232)	846,717	846,630	87
Other salaries for instruction	679,426	(459,942)	219,484	217,962	1,522
Purchased professional - educational services	11,000	63,867	74,867	74,277	590
Purchased technical services	2,000		2,000	1,480	520
Other purchased services	5,000		5,000	76	4,924
General supplies	45,150	(1,742)	43,408	9,482	33,926
Total learning/language disabilities	1,615,525	(424,049)	1,191,476	1,149,907	41,569

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Special Education - Behavioral Disabilities:					
Salaries of teachers	\$ 99,980		\$ 99,980	\$ 99,980	
Other salaries for instruction	92,649	\$ (92,649)			
Purchased professional - educational services	3,000	(1,453)	1,547	1,547	
Total behavioral disabilities	195,629	(94,102)	101,527	101,527	
Special Education - Multiple Disabilities:					
Salaries of teachers	1,021,545	(33,307)	988,238	984,568	\$ 3,670
Other salaries for instruction	140,883	152,495	293,378	278,211	15,167
Purchased professional - educational services	9,000	12,920	21,920	21,920	
General supplies	15,965	400	16,365	8,771	7,594
Textbooks	6,200	(200)	6,000	473	5,527
Total multiple disabilities	1,193,593	132,308	1,325,901	1,293,943	31,958
Resource Room/Center:					
Salaries of teachers	5,996,963	189,092	6,186,055	6,131,978	54,077
Other salaries for instruction		380,122	380,122	380,122	
Purchased professional - educational services	10,000	186,394	196,394	196,394	
General supplies	38,000		38,000	21,645	16,355
Total resource room/center	6,044,963	755,608	6,800,571	6,730,139	70,432
Special Education - Autism:					
Salaries of teachers	327,652	39,704	367,356	367,356	
Other salaries for instruction	123,532	32,494	156,026	156,026	
Purchased professional - educational services	6,400	8,035	14,435	14,435	
General supplies	3,575	515.00	4,090	2,790	1,300
Total autism	461,159	80,748	541,907	540,607	1,300
Special Education - Preschool Disabilities - Full Time:					
Salaries of teachers	737,079	(61,973)	675,106	674,817	289
Other salaries of instruction	444,671	(266,177)	178,494	178,494	
Purchased professional - educational services	11,000	13,966	24,966	24,966	
General supplies	6,435		6,435	6,173	262
Total preschool disabilities - full time	1,199,185	(314,184)	885,001	884,450	551
Total Special Education - Instruction					
	10,710,054	136,329	10,846,383	10,700,573	145,810
Basic Skills/Remedial Instruction:					
Salaries of teachers	2,295,998	37,968	2,333,966	2,331,556	2,410
Purchased professional - educational services	10,000	(3,961)	6,039	6,039	
Total basic skills/remedial instruction	2,305,998	34,007	2,340,005	2,337,595	2,410
Bilingual Education - Instruction:					
Salaries of teachers	1,283,200	6,569	1,289,769	1,286,770	2,999
Other salaries of instruction	10,275	9,024	19,299	19,299	
Purchased professional - educational services	10,000	(205)	9,795	9,795	
General supplies	2,550		2,550	1,164	1,386
Textbooks		800	800	786	14
Total bilingual education - instruction	1,306,025	16,188	1,322,213	1,317,814	4,399
Vocational Programs - Local - Instruction:					
Salaries of teachers	34,191	11,397	45,588	45,588	
Other purchased services	1,300	(547)	753		753
General supplies	13,700	(5,566)	8,134	5,082	3,052
Total vocational programs - local- instruction	49,191	5,284	54,475	50,670	3,805
School-Sponsored Cocurricular Activities:					
Salaries	480,780	(15,865)	464,915	441,920	22,995
Purchased services	5,640	185	5,825	4,134	1,691
Supplies and materials	26,956	(10,354)	16,602	10,622	5,980
Other objects	96,400	35,079	131,479	100,134	31,345
Total school-sponsored cocurricular activities	609,776	9,045	618,821	556,810	62,011

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
School-Sponsored Athletics - Instruction:					
Salaries	\$ 1,324,550	\$ 12,712	\$ 1,337,262	\$ 1,337,262	
Purchased services	102,700	(17,775)	84,925	72,752	\$ 12,173
Supplies and materials	228,000	(7,996)	220,004	208,620	11,384
Other objects	75,160	26,500	101,660	93,449	8,211
Transfers to cover deficit (Agency funds)	90,000		90,000	90,000	
Total school-sponsored athletics - instruction	1,820,410	13,441	1,833,851	1,802,083	31,768
Total Instruction	57,254,492	(997,254)	56,257,238	55,088,133	1,169,105
Undistributed Instruction:					
Tuition to other LEAs within the state-regular	-	13,500	13,500	13,224	276
Tuition to other LEAs within the state-special	108,353	186,590	294,943	242,915	52,028
Tuition to county voc. school dist.-regular	1,922,600	92,960	2,015,560	2,015,560	
Tuition to county voc. school dist.-special	14,000	3,500	17,500	17,500	
Tuition to CSSD and regional day schools	424,845	12,200	437,045	436,575	470
Tuition to private school for the disabled - within state	6,646,540	(291,387)	6,355,153	5,661,573	693,580
Tuition - other	36,943	(17,363)	19,580	18,810	770
Total undistributed instruction	9,153,281	-	9,153,281	8,406,157	747,124
Attendance and Social Work:					
Salaries	92,354	5,067	97,421	97,421	
Total attendance and social work	92,354	5,067	97,421	97,421	
Health Services:					
Salaries	1,374,455	29,173	1,403,628	1,403,628	
Purchased professional and technical services	82,000	9,500	91,500	87,054	4,446
Other purchased services	4,000	(1,000)	3,000	1,816	1,184
Supplies and materials	33,100	(12,053)	21,047	16,898	4,149
Other objects	10,000	4,690	14,690	13,777	913
Total health services	1,503,555	30,310	1,533,865	1,523,173	10,692
Other Support Services-Speech, OT, PT & Related Services:					
Salaries	2,031,673	(55,316)	1,976,357	1,976,357	
Purchased professional - educational services	1,325,000	16,576	1,341,576	1,312,295	29,281
Supplies and materials	3,000	6,478	9,478	9,371	107
Total other support services-speech, OT, PT & related services	3,359,673	(32,262)	3,327,411	3,298,023	29,388

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2018

	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	\$ 3,113,091	\$ 434,465	\$ 3,547,556	\$ 3,547,556	
Purchased professional - educational services	50,000	438,417	488,417	488,417	
Total other support services - students - extra services	3,163,091	872,882	4,035,973	4,035,973	
Guidance:					
Salaries of other professional staff	2,885,073	38,622	2,923,695	2,923,695	
Salaries of secretarial and clerical assistants	311,081	18,124	329,205	329,205	
Purchased professional - educational services	20,000	4,900	24,900	24,900	
Supplies and materials	5,140		5,140	2,259	\$ 2,881
Total guidance	3,221,294	61,646	3,282,940	3,280,059	2,881
Child Study Teams:					
Salaries of other professional staff	2,579,021	(37,724)	2,541,297	2,541,297	
Other purchased services	39,000	(392)	38,608	21,693	16,915
Miscellaneous purchased services	125,500	(4,300)	121,200	43,461	77,739
Supplies and materials	100,000	(3,876)	96,124	89,475	6,649
Total child study teams	2,843,521	(46,292)	2,797,229	2,695,926	101,303
Improvement of Instructional Services:					
Salaries of supervisor of instruction	1,458,239	(2,321)	1,455,918	1,443,683	12,235
Sal of secr & clerical assist.	430,203	(16,402)	413,801	413,801	
Purchased professional and education services	5,000	(1,987)	3,013	3,013	
Other purchased services	36,700		36,700	8,114	28,586
Supplies and materials	6,500	128	6,628	4,985	1,643
Other objects	27,500		27,500	18,204	9,296
Total improvement of instructional services	1,964,142	(20,582)	1,943,560	1,891,800	51,760
Educational Media Services/School Library:					
Salaries	1,397,130	(23,412)	1,373,718	1,324,040	49,678
Purchased professional and technical services	93,000	10,976	103,976	80,383	23,593
Other purchased services	1,700		1,700	904	796
Supplies and materials	195,507	8,316	203,823	158,283	45,540
Other objects	20,000	(8,316)	11,684	11,684	
Total educational media services/school library	1,707,337	(12,436)	1,694,901	1,575,294	119,607

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2018

	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	\$ (26,089)	\$ 68,911	\$ 68,911	
Other purchased services	5,000	(390)	4,610	2,390	\$ 2,220
Supplies and materials	12,000	78	12,078	5,337	6,741
Other objects	120,461	(3,500)	116,961	70,967	45,994
Total instructional staff training services	232,461	(29,901)	202,560	147,605	54,955
Support Services-General Administration:					
Salaries	576,541	(25,416)	551,125	475,218	75,907
Legal Services	235,001	(900)	234,101	134,393	99,708
Audit Fees	79,300	1,000	80,300	3,300	77,000
Communications / telephone	467,000		467,000	286,872	180,128
BOE other purchased services	17,300		17,300	8,171	9,129
Miscellaneous purchased services	10,000		10,000	2,495	7,505
General supplies	6,000		6,000	1,502	4,498
BOE in-house training/meeting supplies	35,000	2,169	37,169	23,623	13,546
Judgments against the school district	125,000	10,000	135,000	5,775	129,225
Miscellaneous expenditures	16,700	(100)	16,600	4,159	12,441
BOE membership and dues	28,000		28,000	26,663	1,337
Total support services-general administration	1,595,842	(13,247)	1,582,595	972,171	610,424
Support Services-School Administration:					
Salaries of principals/ assistant principals	3,173,066	103,600	3,276,666	3,276,662	4
Salaries of other professional staff	67,042	1,540	68,582	68,582	
Salaries of secretarial and clerical assistants	1,274,525	4,744	1,279,269	1,279,268	1
Purchased professional and technical services	20,000	11,374	31,374	30,442	932
Other purchased services	33,300	2,710	36,010	18,722	17,288
Supplies and materials	33,499	(10)	33,489	21,756	11,733
Other objects	41,600		41,600	31,425	10,175
Total support services-school administration	4,643,032	123,958	4,766,990	4,726,857	40,133
Support Services - Central Services:					
Salaries	1,356,697	21,063	1,377,760	1,377,760	
Purchased professional services	112,125	(22,522)	89,603	87,037	2,566
Purchased technical services	82,561	(47,297)	35,264	33,055	2,209
Miscellaneous purchased services	402,700	(3,959)	398,741	397,704	1,037
Supplies and materials	29,900	(12,220)	17,680	15,894	1,786
Interest on lease purchase agreements	51,315	(3,922)	47,393	41,578	5,815
Miscellaneous expenditures	14,000	1,311	15,311	15,212	99
Total support services-central services	2,049,298	(67,546)	1,981,752	1,968,240	13,512
Support Services - Administration Information Technology:					
Salaries	1,137,589	14,552	1,152,141	1,152,141	
Purchased professional services	168,400	47,421	215,821	191,070	24,751
Purchased technical services	24,723	262	24,985	16,603	8,382
Other purchased services	530,292	(23,035)	507,257	442,718	64,539
Supplies and materials	32,700		32,700	6,498	26,202
Other objects	12,780		12,780	4,073	8,707
Total support services-administration information technology	1,906,484	39,200	1,945,684	1,813,103	132,581
Required Maintenance for School Facilities:					
Salaries	1,439,874	151,031	1,590,905	1,590,905	
Cleaning, repair and maintenance services	675,636	188,718	864,354	767,436	96,918
General supplies	514,000	(214,100)	299,900	288,094	11,806
Other objects	42,100	29,569	71,669	55,633	16,036
Total required maintenance for school facilities	2,671,610	155,218	2,826,828	2,702,068	124,760

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Custodial Services:					
Salaries	\$ 3,764,460	\$ 1,662	\$ 3,766,122	\$ 3,766,122	
Salaries of non-instructional aides	771,717	70,889	842,606	842,101	\$ 505
Purchased professional and technical services	27,000	63,657	90,657	90,657	
Cleaning, repair and maintenance services	42,642	71,122	113,764	87,264	26,500
Other purchased property services	300,000		300,000	265,497	34,503
Insurance	752,600	(20,038)	732,562	727,084	5,478
General supplies	350,000	(29,862)	320,138	316,844	3,294
Energy (electricity, oil and gas)	1,735,000	30,237	1,765,237	1,642,918	122,319
Interest - energy savings improvement program	311,697		311,697	311,697	
Principal - energy savings improvement program	605,000	(23,562)	581,438	468,950	112,488
Total custodial services	8,660,116	164,105	8,824,221	8,519,134	305,087
Security:					
Salaries	211,266	6,615	217,881	217,881	
Purchased professional and technical services	260,000		260,000	260,000	
General supplies		23,035	23,035		23,035
Total security	471,266	29,650	500,916	477,881	23,035
Total operation of plant	11,802,992	348,973	12,151,965	11,699,083	452,882
Total Undist. Expenditures	49,238,357	1,259,770	50,498,127	48,130,885	2,367,242
Student Transportation Services:					
Salaries of non-instructional aides	275,094	68,533	343,627	343,627	
Salaries for pupil transportation:					
Between home and school - regular	214,419	15,001	229,420	229,420	
Between home and school - special	774,436	131,723	906,159	901,292	4,867
Other purchased professional and technical services	21,050	(1,707)	19,343	19,343	
Cleaning, repair and maintenance services	189,500	160,298	349,798	347,453	2,345
Contr serv (bet. Home & Sch) - vendors	2,850,000	(106,642)	2,743,358	2,743,358	
Contr serv (oth than bet. Home & Sch) - vendors	332,400	94,892	427,292	349,648	77,644
Contract. Serv. (sp ed stds) vendors	11,150	(4,888)	6,262	5,981	281
Contract. Serv. (reg. students) - ESCs & CTSAAs	247,500	12,241	259,741	259,741	
Contract. Serv. (spl. Ed. Students) - ECSs & CTSAAs	2,100,000	(6,420)	2,093,580	2,084,379	9,201
Contract. Serv. - aid in lieu pymts -non pub sch	340,000	(48,982)	291,018	291,018	
General supplies	26,950	(17,629)	9,321	9,321	
Other objects	5,600	(3,296)	2,304	2,304	
Total student transportation services	7,388,099	293,124	7,681,223	7,586,885	94,338

Parsippany-Troy Hills School District
General Fund

Budgetary Analytics Comparison Schedule

(Budgetary Basis)
Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Unallocated Benefits - Employee Benefits:					
Group insurance	\$ 42,000	\$ 120	\$ 42,120	\$ 42,120	
Social security contributions	1,850,000	(62,500)	1,787,500	1,757,555	\$ 29,945
Other retirement contributions - PERS	1,975,000		1,975,000	1,773,274	201,726
Other retirement contributions - regular	130,000	(120)	129,880	126,854	3,026
Workers' compensation	466,616		466,616	397,326	69,290
Health benefits	18,990,000	(529,216)	18,460,784	16,814,997	1,645,787
Tuition reimbursement	240,000		240,000	177,655	62,345
Other employee benefits	1,081,600		1,081,600	1,013,827	67,773
Total unallocated benefits	24,775,216	(591,716)	24,183,500	22,103,608	2,079,892
On-Behalf Contributions					
On-behalf TPAF Pension Contribution (non-budgeted)				8,546,087	(8,546,087)
On-behalf TPAF Post Retirement Medical contributions (non-budgeted)				5,519,736	(5,519,736)
On-behalf TPAF Long-term Disability Contributions (non-budgeted)				11,433	(11,433)
Reimbursed TPAF social security contributions (non-budgeted)				4,315,827	(4,315,827)
Total on-behalf contributions				18,393,083	(18,393,083)
Total Personal Services - Employee Benefits	24,775,216	(591,716)	24,183,500	40,496,691	(16,313,191)
Equipment:					
Grades 1-5	20,000	(20,000)			
Grades 6-8	20,000	(5,770)	14,230	4,831	9,399
Grades 9-12	20,000	59,268	79,268	49,630	29,638
Undistributed expenditures - required maint for school facilities		26,845	26,845	24,971	1,874
Undistributed expenditures -security		83,886	83,886		83,886
Total equipment	60,000	144,229	204,229	79,432	124,797
Facilities Acquisition and Construction Services:					
Other purchased professional and technical services	100,000	23,592	123,592	82,450	41,142
Construction services	220,000	268,814	488,814	200,361	288,453
Non-budgeted - capital leases				1,000,000	(1,000,000)
Lease purchase agreements - principal	2,080,060	1,718	2,081,778	2,081,778	
Other objects - debt service assessment	46,633		46,633	46,633	
Total facilities and construction services	2,446,693	294,124	2,740,817	3,411,222	(670,405)
Total Expenditures - Capital Outlay	2,506,693	438,353	2,945,046	3,490,654	(545,608)

Parsippany-Troy Hills School District
General Fund

Budgetary Analytics Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Transfer of funds to charter schools	\$ 260,967		\$ 260,967	\$ 231,982	\$ 28,985
Total Expenditures	141,423,824	\$ 402,277	141,826,101	155,025,230	(13,199,129)
(Deficiency) excess of revenues (under) over expenditures	(3,088,081)	(402,277)	(3,490,358)	3,086,208	6,576,566
Other financing sources:					
Assets acquired under capital leases (non-budgeted)				1,000,000	1,000,000
Transfers in				294,053	294,053
Total other financing sources				1,294,053	1,294,053
(Deficiency) excess of revenues (under) over expenditures and other financing sources	(3,088,081)	(402,277)	(3,490,358)	4,380,261	7,870,619
Fund balances, July 1	10,712,102		10,712,102	10,712,102	
Fund balances, June 30	\$ 7,624,021	\$ (402,277)	\$ 7,221,744	\$ 15,092,363	\$ 7,870,619
Recapitulation of (deficiency) excess of revenues (under) over expenditures					
Budgeted fund balance	\$ (3,088,081)		\$ (3,088,081)	\$ 3,483,485	\$ 6,571,566
Net (decrease) in capital reserve		\$ (246,000)	(246,000)	1,053,053	1,299,053
Adjustment for prior year encumbrances		(156,277)	(156,277)	(156,277)	
Total	\$ (3,088,081)	\$ (402,277)	\$ (3,490,358)	\$ 4,380,261	\$ 7,870,619
Recapitulation of fund balance:					
Capital reserve account - restricted				\$ 2,067,845	
Emergency reserve account - restricted				265,506	
Excess fund balance - current year - restricted				4,860,057	
Prior year - excess fund balance designated for subsequent year's expenditures - restricted				3,410,923	
Year end encumbrances - assigned				646,579	
Unassigned				3,841,453	
				15,092,363	
Reconciliation to Governmental Funds statements (GAAP):					
Last state aid payments not recognized on GAAP basis				(482,878)	
Fund balance per Governmental Funds (GAAP)				\$ 14,609,485	

Parsippany-Troy Hills School District
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
State sources	\$ 240,090		\$ 240,090	\$ 192,558	\$ (47,532)
Federal sources	2,826,237		2,826,237	2,301,769	(524,468)
Local sources	32,019	\$ 97	32,116	27,756	(4,360)
Total revenues	3,098,346	97	3,098,443	2,522,083	(576,360)
Expenditures:					
Instruction:					
Salaries of teachers	556,942	(12,889)	544,053	388,551	155,502
Purchased professional & technical services	88,238	15,800	104,038	104,038	
Other purchased services	19,725		19,725	19,725	
Tuition	1,392,409		1,392,409	1,371,372	21,037
General supplies	340,058	7,879	347,937	278,992	68,945
Textbooks	26,677		26,677	20,827	5,850
Other objects	250		250	250	
Total instruction	2,424,299	10,790	2,435,089	2,183,755	251,334
Undistributed:					
Support services:					
Salaries of other professional staff	33,039		33,039	10,925	22,114
Personal services-employee benefits	99,419	58	99,477	79,046	20,431
Purchased professional educational services	282,196	(5,020)	277,176	131,619	145,557
Other purchased services	161,541	3,923	165,464	48,098	117,366
Supplies and materials	97,852	(9,654)	88,198	68,640	19,558
Total support services	674,047	(10,693)	663,354	338,328	325,026
Total expenditures	3,098,346	97	3,098,443	2,522,083	576,360
Excess of revenues over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Parsippany-Troy Hills School District
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2018

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 158,111,438	\$ 2,522,083
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		2,992
Current year		(19,631)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	461,952	
Current year	(482,878)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u>\$ 158,090,512</u>	<u>\$ 2,505,444</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 155,025,230	\$ 2,522,083
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		2,992
Current year		(19,631)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 155,025,230</u>	<u>\$ 2,505,444</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, 2018

	Nonpublic Aid				
	Local Grants	Corrective Speech	Examination Classification	Supplementary Instruction	Compensatory Education
Revenues:					
State sources		\$ 9,285	\$ 35,669	\$ 19,745	\$ 31,890
Federal sources					
Local sources	\$ 27,756				
Total revenues	<u>\$ 27,756</u>	<u>\$ 9,285</u>	<u>\$ 35,669</u>	<u>\$ 19,745</u>	<u>\$ 31,890</u>
Expenditures:					
Instruction:					
Salaries of teachers					
Purchased professional & technical services	\$ 616	\$ 9,285	\$ 6,917	\$ 19,745	\$ 31,890
Other purchased services	19,725				
Tuition					
General supplies	7,165				
Textbooks					
Other objects	250				
Total instruction	<u>27,756</u>	<u>9,285</u>	<u>6,917</u>	<u>19,745</u>	<u>31,890</u>
Support services:					
Salaries of other professional staff					
Personal services—employee benefits					
Purchased professional educational services			28,752		
Other purchased services					
Supplies and materials					
Total support services			<u>28,752</u>		
Total expenditures	<u>\$ 27,756</u>	<u>\$ 9,285</u>	<u>\$ 35,669</u>	<u>\$ 19,745</u>	<u>\$ 31,890</u>

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2018

	Nonpublic Aid				Title I, Part A	
	Security Aid	Nursing Aid	Technology Aid	Textbook Aid	Current	Carryover
Revenues:						
State sources	\$ 26,873	\$ 35,017	\$ 13,252	\$ 20,827		
Federal sources					\$ 227,079	\$ 126,336
Local sources						
Total revenues	<u>\$ 26,873</u>	<u>\$ 35,017</u>	<u>\$ 13,252</u>	<u>\$ 20,827</u>	<u>\$ 227,079</u>	<u>\$ 126,336</u>
Expenditures:						
Instruction:						
Salaries of teachers					\$ 160,335	\$ 74,667
Purchased professional & technical services						
Other purchased services						
Tuition						
General supplies						36,601
Textbooks				\$ 20,827		
Other objects						
Total instruction				<u>20,827</u>	<u>160,335</u>	<u>111,268</u>
Support services:						
Salaries of other professional staff						
Personal services—employee benefits					66,744	4,361
Purchased professional educational services	\$ 26,873	\$ 35,017				
Other purchased services						
Supplies and materials			\$ 13,252			10,707
Total support services	<u>26,873</u>	<u>35,017</u>	<u>13,252</u>		<u>66,744</u>	<u>15,068</u>
Total expenditures	<u>\$ 26,873</u>	<u>\$ 35,017</u>	<u>\$ 13,252</u>	<u>\$ 20,827</u>	<u>\$ 227,079</u>	<u>\$ 126,336</u>

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2018

	Title II, Part A		Title III			Title IV
	Current	Carryover	Current	Carryover	Immigrant Carryover	Current
Revenues:						
State sources						
Federal sources	\$ 34,574	\$ 46,445	\$ 55,059	\$ 79,211	\$ 23,267	\$ 737
Local sources						
Total revenues	\$ 34,574	\$ 46,445	\$ 55,059	\$ 79,211	\$ 23,267	\$ 737
Expenditures:						
Instruction:						
Salaries of teachers			\$ 44,134	\$ 15,165		
Purchased professional & technical services	\$ 30,348	\$ 5,237				
Other purchased services						
Tuition						
General supplies				56,425	\$ 18,320	
Textbooks						
Other objects						
Total instruction	30,348	5,237	44,134	71,590	18,320	
Support services:						
Salaries of other professional staff			10,925			
Personal services-employee benefits				731		
Purchased professional educational services	2,934					\$ 737
Other purchased services		41,208		6,890		
Supplies and materials	1,292				4,947	
Total support services	4,226	41,208	10,925	7,621	4,947	737
Total expenditures	\$ 34,574	\$ 46,445	\$ 55,059	\$ 79,211	\$ 23,267	\$ 737

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2018

	L.D.E.A.				Total
	Part B Basic Current	Part B Basic Carryover	Preschool	Emergency Impact Aid	
Revenues:					
State sources					\$ 192,558
Federal sources	\$ 1,383,104	\$ 254,356	\$ 46,101	\$ 25,500	2,301,769
Local sources					27,756
Total revenues	\$ 1,383,104	\$ 254,356	\$ 46,101	\$ 25,500	\$ 2,522,083
Expenditures:					
Instruction:					
Salaries of teachers	\$ 75,878	\$ 18,372			\$ 388,551
Purchased professional & technical services					104,038
Other purchased services					19,725
Tuition	1,261,751	63,520	\$ 46,101		1,371,372
General supplies		134,981		\$ 25,500	278,992
Textbooks					20,827
Other objects					250
Total instruction	1,337,629	216,873	46,101	25,500	2,183,755
Support services:					
Salaries of other professional staff					10,925
Personal services—employee benefits		7,210			79,046
Purchased professional educational services	19,787	17,519			131,619
Other purchased services					48,098
Supplies and materials	25,688	12,754			68,640
Total support services	45,475	37,483			338,328
Total expenditures	\$ 1,383,104	\$ 254,356	\$ 46,101	\$ 25,500	\$ 2,522,083

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, 2018

	Current Year
Revenues and other financing sources	
Bond proceeds	
State sources - SDA	\$ (117,535)
Proceeds from capital lease	
Transfer from capital reserve	
Transfer from capital outlay	
Interest earned	
Total revenues and other financing sources	(117,535)
Expenditures and other financing uses	
Purchased professional and technical services	
Construction services	
Contingency	
Other objects	
Transfer to General Fund - Capital Reserve	294,053
Transfer to Debt Service Fund	
Total expenditures and other financing uses	294,053
Deficiency of revenues under expenditures	(411,588)
Fund Balance, July 1	411,588
Fund Balance, June 30	\$ -

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, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
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		\$ 3,666	3,666	
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>3,666</u>	<u>47,633,000</u>	<u>47,633,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,666</u>	<u>\$ (3,666)</u>	<u>\$ -</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	<u>47,633,000</u>			
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, 2018

	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	34,317
Construction services	323,474		323,474	323,474
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve		\$ 31,583	31,583	31,583
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>357,791</u>	<u>31,583</u>	<u>389,374</u>	<u>389,374</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 31,583</u>	<u>\$ (31,583)</u>	<u>\$ -</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, 2018

	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	639,925		639,925	639,925
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	548,000		548,000	548,000
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve		\$ 91,925	91,925	91,925
Transfer to Debt Service Fund				
Total expenditures and other financing uses	548,000	91,925	639,925	639,925
Excess (deficiency) of revenues over (under) expenditures	\$ 91,925	\$ (91,925)	\$ -	\$ -
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	\$ 639,925			
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, 2018

	<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				
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	78,332
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve		\$ 29,968	29,968	29,968
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>78,332</u>	<u>29,968</u>	<u>108,300</u>	<u>108,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 29,968</u>	<u>\$ (29,968)</u>	<u>\$ -</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, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 51,608	\$ (3,155)	\$ 48,453	\$ 48,453
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>(3,155)</u>	<u>125,865</u>	<u>125,865</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	121,134		121,134	121,134
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve		4,731	4,731	4,731
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>121,134</u>	<u>4,731</u>	<u>125,865</u>	<u>125,865</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 7,886</u>	<u>\$ (7,886)</u>	<u>\$ -</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	(3,155)			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 125,865</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, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 81,360	\$ (964)	\$ 80,396	\$ 80,396
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>(964)</u>	<u>202,436</u>	<u>202,436</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	200,992		200,992	200,992
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve		1,444	1,444	1,444
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>200,992</u>	<u>1,444</u>	<u>202,436</u>	<u>202,436</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,408</u>	<u>\$ (2,408)</u>	<u>\$ -</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	(964)			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 202,436</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, 2018

	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	78,934
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve		\$ 5,086	5,086	5,086
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>78,934</u>	<u>5,086</u>	<u>84,020</u>	<u>84,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,086</u>	<u>\$ (5,086)</u>	<u>\$ -</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, 2018

	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	84,020		84,020	84,020
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	84,020	-	84,020	84,020
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
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	\$ 84,020			
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, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 416,410	\$ (101,583)	\$ 314,827	\$ 314,827
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>(101,583)</u>	<u>939,442</u>	<u>939,442</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	831,757		831,757	831,757
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve		107,685	107,685	107,685
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>831,757</u>	<u>107,685</u>	<u>939,442</u>	<u>939,442</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 209,268</u>	<u>\$ (209,268)</u>	<u>\$ -</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	(101,583)			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 939,442</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, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 16,954		\$ 16,954	\$ 16,954
Proceeds from capital lease				
Transfer from capital reserve	20,630		20,630	20,630
Transfer from capital outlay				
Total revenues and other financing sources	37,584	-	37,584	37,584
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	37,584	-	37,584	37,584
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
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	\$ 37,584			
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, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 98,639	\$ (909)	\$ 97,730	\$ 97,730
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>(909)</u>	<u>245,689</u>	<u>245,689</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	244,325		244,325	244,325
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve		1,364	1,364	1,364
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>244,325</u>	<u>1,364</u>	<u>245,689</u>	<u>245,689</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,273</u>	<u>\$ (2,273)</u>	<u>\$ -</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	(909)			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 245,689</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, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 22,008	\$ (3,402)	\$ 18,606	\$ 18,606
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>(3,402)</u>	<u>51,618</u>	<u>51,618</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	46,517		46,517	46,517
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve		5,101	5,101	5,101
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>46,517</u>	<u>5,101</u>	<u>51,618</u>	<u>51,618</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 8,503</u>	<u>\$ (8,503)</u>	<u>\$ -</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	(3,402)			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 51,618</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, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 13,737		\$ 13,737	\$ 13,737
Proceeds from capital lease				
Transfer from capital reserve	16,262		16,262	16,262
Transfer from capital outlay				
Total revenues and other financing sources	<u>29,999</u>	<u>-</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>\$ -</u>	<u>\$ -</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	\$ 36,777			
Reduced Authorization - SDA Grant	-			
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, 2018

	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	37,575		37,575	37,575
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	34,528		34,528	34,528
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve		\$ 3,047	3,047	3,047
Transfer to Debt Service Fund				
Total expenditures and other financing uses	34,528	3,047	37,575	37,575
Excess (deficiency) of revenues over (under) expenditures	\$ 3,047	\$ (3,047)	\$ -	\$ -
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	\$ 37,575			
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, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 15,482		\$ 15,482	\$ 15,482
Proceeds from capital lease				
Transfer from capital reserve	19,186		19,186	19,186
Transfer from capital outlay				
Total revenues and other financing sources	34,668	-	34,668	34,668
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	34,668	-	34,668	34,668
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Additional Project Information:				
Project Number	3950-107-14-G2HR			
Grant Date	8/29/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 34,668			
Reduced Authorization - SDA Grant	-			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	\$ 34,668			
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, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 17,626	\$ (3,666)	\$ 13,960	\$ 13,960
Proceeds from capital lease				
Transfer from capital reserve	18,703		18,703	18,703
Transfer from capital outlay				
Total revenues and other financing sources	<u>36,329</u>	<u>(3,666)</u>	<u>32,663</u>	<u>32,663</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		(3,666)	(3,666)	(3,666)
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>36,329</u>	<u>(3,666)</u>	<u>32,663</u>	<u>32,663</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</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	\$ 36,329			
Reduced Authorization - SDA Grant	(3,666)			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 32,663</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, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 14,652	\$ (1)	\$ 14,651	\$ 14,651
Proceeds from capital lease			21,978	21,978
Transfer from capital reserve	21,978		21,978	21,978
Transfer from capital outlay				
Total revenues and other financing sources	<u>36,630</u>	<u>(1)</u>	<u>36,629</u>	<u>36,629</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	30,291		30,291	30,291
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve		6,338	6,338	6,338
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>30,291</u>	<u>6,338</u>	<u>36,629</u>	<u>36,629</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 6,339</u>	<u>\$ (6,339)</u>	<u>\$ -</u>	<u>\$ -</u>
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	(1)			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 36,629</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)

Northvail Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 15,708	\$ (3,855)	\$ 11,853	\$ 11,853
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>(3,855)</u>	<u>35,415</u>	<u>35,415</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	29,634		29,634	29,634
Contingency				
Other Objects				
Transfer to General Fund - Capital Reserve		5,781	5,781	5,781
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>29,634</u>	<u>5,781</u>	<u>35,415</u>	<u>35,415</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 9,636</u>	<u>\$ (9,636)</u>	<u>\$ -</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	(3,855)			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 35,415</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 Hiawatha Special Education School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 21,706		\$ 21,706	\$ 21,706
Proceeds from capital lease				
Transfer from capital reserve	27,445		27,445	27,445
Transfer from capital outlay				
Total revenues and other financing sources	49,151	-	49,151	49,151
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	49,151	-	49,151	49,151
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Additional Project Information:				
Project Number	3950-070-14-G2ZS			
Grant Date	8/29/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 49,151			
Reduced Authorization - SDA Grant	-			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	\$ 49,151			
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, 2018

	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>-</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, 2018

	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, 2018

	<u>Agency</u>			<u>Trust</u>		
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency</u>	<u>Unemployment Compensation</u>	<u>Private Purpose Scholarship</u>	<u>Total Trust</u>
Assets						
Cash and cash equivalents	\$ 437,454	\$ 1,419,895	\$ 1,857,349	\$ 1,703,914	\$ 71,598	\$ 1,775,512
Total assets	<u>\$ 437,454</u>	<u>\$ 1,419,895</u>	<u>\$ 1,857,349</u>	<u>1,703,914</u>	<u>71,598</u>	<u>1,775,512</u>
Liabilities						
Accounts payable				28,930		28,930
Due to student groups	\$ 437,454		\$ 437,454			
Payroll deductions and withholdings payable		\$ 33,594	33,594			
Summer savings payable		<u>1,386,301</u>	<u>1,386,301</u>			
Total liabilities	<u>\$ 437,454</u>	<u>\$ 1,419,895</u>	<u>\$ 1,857,349</u>	<u>28,930</u>		<u>28,930</u>
Net position						
Held in trust for:						
Unemployment compensation claims				1,674,984		1,674,984
Scholarships					<u>71,598</u>	<u>71,598</u>
Total net position				<u>\$ 1,674,984</u>	<u>\$ 71,598</u>	<u>\$ 1,746,582</u>

Parsippany-Troy Hills School District
Trust Funds

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2018

	Unemployment Compensation Trust Fund	Private Purpose Scholarship Trust Fund	Total Trust Funds
Additions:			
Contributions:			
Employee contributions	\$ 175,417		\$ 175,417
Donations		\$ 38,875	38,875
Total additions	<u>175,417</u>	<u>38,875</u>	<u>214,292</u>
Deductions:			
Unemployment compensation claims	240,875		240,875
Scholarships awarded		39,850	39,850
Total deductions	<u>240,875</u>	<u>39,850</u>	<u>280,725</u>
Change in net position	(65,458)	(975)	(66,433)
Net position, beginning	<u>1,740,442</u>	<u>72,573</u>	<u>1,813,015</u>
Net position, ending	<u>\$ 1,674,984</u>	<u>\$ 71,598</u>	<u>\$ 1,746,582</u>

Parsippany-Troy Hills School District
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
Elementary Schools:				
Eastlake	\$ 4,652	\$ 4,192	\$ 4,103	\$ 4,741
Intervale	1,405	1,221	1,539	1,087
Knollwood	6,260			6,260
Lake Hiawatha	7,961	1,442	1,847	7,556
Lake Parsippany	3,328	17,756	15,423	5,661
Littleton	4,702	3,570	2,747	5,525
Mt. Tabor	4,164	3,821	4,786	3,199
Northvail	5,874	1,165	1,205	5,834
Rockaway Meadow	2,408	2,258	2,162	2,504
Troy Hills	12,866	640	1,707	11,799
Total Elementary Schools	<u>53,620</u>	<u>36,065</u>	<u>35,519</u>	<u>54,166</u>
Middle Schools:				
Brooklawn	74,509	158,279	156,595	76,193
Central	46,897	119,909	121,439	45,367
Total Middle Schools	<u>121,406</u>	<u>278,188</u>	<u>278,034</u>	<u>121,560</u>
High Schools:				
Parsippany High	83,781	160,964	158,839	85,906
Parsippany Hills High	133,994	226,898	232,874	128,018
Total High Schools	<u>217,775</u>	<u>387,862</u>	<u>391,713</u>	<u>213,924</u>
Athletic Accounts:				
Parsippany High	1,060	51,783	52,843	
Parsippany Hills High		59,719	59,719	
Brooklawn		12,811	7,752	5,059
Central		12,466	7,011	5,455
Total Athletic Accounts	<u>1,060</u>	<u>136,779</u>	<u>127,325</u>	<u>10,514</u>
Total Other Accounts	<u>37,290</u>			<u>37,290</u>
Total All Schools	<u>\$ 431,151</u>	<u>\$ 838,894</u>	<u>\$ 832,591</u>	<u>\$ 437,454</u>

Parsippany-Troy Hills School District
Payroll Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2018

	Balance July 1, 2017	Cash Receipts	Cash Disbursements	Balance June 30, 2018
Assets				
Cash and cash equivalents	\$ 1,374,062	\$ 95,990,791	\$ 95,944,958	\$ 1,419,895
Total assets	<u>\$ 1,374,062</u>	<u>\$ 95,990,791</u>	<u>\$ 95,944,958</u>	<u>\$ 1,419,895</u>
Liabilities				
Payroll deductions and withholdings	\$ 55,220	\$ 93,218,189	\$ 93,239,815	\$ 33,594
Summer savings payable	<u>1,318,842</u>	<u>2,772,602</u>	<u>2,705,143</u>	<u>1,386,301</u>
Total liabilities	<u>\$ 1,374,062</u>	<u>\$ 95,990,791</u>	<u>\$ 95,944,958</u>	<u>\$ 1,419,895</u>

Long-Term Debt

Parsippany-Troy Hills School District
Long-Term Debt

Schedule of Serial Bonds Payable

Year Ended June 30, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2018		Interest Rate	Balance June 30, 2017	Retired	Balance June 30, 2018
			Date	Amount				
2014 Refunding Bonds	4/24/14	\$ 19,715,000	8/15/18	\$ 2,025,000	4.000%	\$ 19,545,000	\$ 1,950,000	\$ 17,595,000
			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%			
2015 Refunding Bonds	2/26/15	12,025,000	8/15/26	2,070,000	5.000%	<u>12,025,000</u>	<u>\$ 1,950,000</u>	<u>12,025,000</u>
			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%			

Parsippany-Troy Hills School District
Long-Term Debt

Schedule of Obligations Under Capital Leases

Year ended June 30, 2018

Purpose	Interest Rate	Amount of Original Issue	Balance July 1, 2017	Issued	Paid	Balance June 30, 2018
Equipment	2.750%	\$ 1,005,000	\$ 206,527		\$ 206,527	
Equipment	1.476%	1,300,000	408,309		203,088	\$ 205,221
Energy Savings Improvement Plan	2.655%	14,200,000	11,890,000		605,000	11,285,000
Equipment	2.100%	1,005,000	264,616		264,616	
Equipment	1.561%	1,200,000	747,742		245,397	502,345
Equipment	0.000%	532,697	133,175		133,175	
Equipment	0.000%	1,370,893	685,447		342,723	342,724
Equipment	1.499%	1,000,000	679,949		223,611	456,338
Equipment	0.000%	656,069	492,052		164,017	328,035
Equipment	1.768%	440,000	383,500		93,548	289,952
Equipment	1.762%	1,000,000	1,000,000		205,533	794,467
Equipment	2.785%	501,500		\$ 501,500		501,500
Equipment	2.961%	498,500		\$ 498,500		498,500
			<u>\$ 16,891,317</u>	<u>\$ 1,000,000</u>	<u>\$ 2,687,235</u>	<u>\$ 15,204,082</u>

Parsippany-Troy Hills School District
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2018

	<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	\$ 2,802,133		\$ 2,802,133	\$ 2,802,133	
State sources:					
Debt service aid type II	<u>571,714</u>		<u>571,714</u>	<u>571,714</u>	
Total revenues	<u>3,373,847</u>		<u>3,373,847</u>	<u>3,373,847</u>	
Expenditures:					
Principal on bonds	1,950,000		1,950,000	1,950,000	
Interest on bonds	<u>1,424,400</u>		<u>1,424,400</u>	<u>1,424,400</u>	
Total expenditures	<u>3,374,400</u>		<u>3,374,400</u>	<u>3,374,400</u>	
(Deficiency) of revenues (under) expenditures	(553)		(553)	(553)	
Fund balance, July 1	2,069	-	2,069	2,069	
Fund balance, June 30	<u>\$ 1,516</u>	<u>\$ -</u>	<u>\$ 1,516</u>	<u>\$ 1,516</u>	<u>\$ -</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

	2009	2010	2011	2012	June 30, 2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 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	\$ 24,714,210
Restricted	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	10,604,331
Unrestricted (deficit)	(2,134,030)	(1,967,791)	(2,081,659)	989,401	4,839,908	4,000,475	(37,452,068)	(38,481,590)	(42,284,433)	(44,137,710)
Total governmental activities net position	\$ 30,776,912	\$ 30,253,963	\$ 32,905,780	\$ 34,714,083	\$ 39,739,717	\$ 25,994,570	\$ (8,926,059)	\$ (11,070,907)	\$ (12,588,315)	\$ (8,819,169)
Business-type activities										
Investment in capital assets	\$ 175,722	\$ 182,101	\$ 179,208	\$ 244,661	\$ 322,111	\$ 520,820	\$ 568,799	\$ 608,450	\$ 556,348	\$ 504,052
Unrestricted	116,446	201,553	246,165	235,887	259,755	307,418	1,118,984	1,543,153	998,484	851,044
Total business-type activities net position	\$ 292,168	\$ 383,654	\$ 425,373	\$ 480,548	\$ 581,866	\$ 828,238	\$ 1,687,783	\$ 2,151,603	\$ 1,554,832	\$ 1,355,096
Government-wide										
Net investment in capital assets	\$ 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	\$ 25,218,262
Restricted	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	10,604,331
Unrestricted (deficit)	(2,017,584)	(1,766,238)	(1,835,494)	1,225,288	5,099,663	4,307,893	(36,333,084)	(36,938,437)	(41,285,949)	(43,286,666)
Total government-wide net position	\$ 31,069,080	\$ 30,637,617	\$ 33,331,153	\$ 35,194,631	\$ 40,321,583	\$ 26,822,808	\$ (7,238,276)	\$ (8,919,304)	\$ (11,033,483)	\$ (7,464,073)

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.

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

Unaudited

Year ended June 30.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 50,879,509	\$ 51,971,182	\$ 52,549,584	\$ 53,320,040	\$ 54,157,270	\$ 55,225,305	\$ 60,058,776	\$ 67,327,824	\$ 71,089,105	\$ 68,605,225
Special Education	10,770,018	11,354,873	12,654,225	12,830,312	13,587,574	14,182,455	15,759,413	17,544,548	21,551,188	20,373,590
Other Instruction	4,135,992	4,469,379	4,240,729	4,359,857	4,981,003	4,748,278	5,318,379	4,345,044	6,598,537	6,834,339
School Sponsored Instruction	2,446,604	2,468,444	2,474,035	2,627,716	2,759,048	2,780,564	3,148,624	3,611,060	3,829,286	3,900,959
Support Services:										
Tuition	8,219,763	8,619,040	8,761,180	9,157,295	8,690,359	9,133,292	8,927,366	9,723,979	9,043,014	9,778,393
Student & Instruction Related Services	18,592,041	19,619,802	19,596,193	21,527,642	21,889,834	22,698,468	25,166,820	30,173,891	31,256,188	32,322,979
General Administration Services	1,346,484	1,164,924	963,155	1,207,241	955,550	951,226	987,411	1,365,393	1,369,649	1,349,845
School Administrative Services	6,177,907	6,091,861	6,255,485	6,496,651	6,781,852	7,039,916	7,216,319	7,300,094	8,852,596	8,401,715
Control Services	2,281,598	2,435,522	2,272,678	2,107,571	1,988,419	2,359,078	2,601,763	2,637,523	2,776,339	3,170,089
Administrative Information Technology	1,010,105	964,932	893,122	797,503	934,141	894,481	2,010,378	2,417,212	2,621,780	2,728,705
Plant Operations & Maintenance	11,666,344	11,718,139	10,517,142	10,921,748	11,334,513	11,702,498	14,561,451	15,682,039	15,619,037	16,829,592
Pupil Transportation	6,660,792	7,170,884	6,140,864	7,183,376	7,128,369	7,392,761	7,799,413	7,879,781	9,203,411	9,171,316
Capital Outlay	1,023,266	905,430	442,538							
Special Schools	1,475,094	1,561,611	1,673,357	1,805,198	1,800,842	1,780,943	1,666			
Charter School	89,288	133,619	160,727	285,780	359,963	385,109	343,519	338,426	259,712	231,982
Interest on long-term debt	2,076,653	2,026,635	2,974,627	1,750,922	1,828,112	1,721,809	2,048,389	1,118,186	1,245,936	1,210,147
Unallocated/Depreciation	1,284,679	1,327,476	1,369,785							
Total governmental activities expenses	<u>130,136,137</u>	<u>134,003,753</u>	<u>133,939,426</u>	<u>136,378,852</u>	<u>139,176,849</u>	<u>142,996,183</u>	<u>155,949,687</u>	<u>171,465,000</u>	<u>185,315,778</u>	<u>184,908,876</u>
Business-type activities:										
Food service	2,194,422	2,279,417	2,211,868	2,326,674	2,152,061	2,195,791	2,474,470	2,529,796	2,562,331	2,703,009
Adult and community education							2,015,253	2,103,524	2,691,092	2,815,472
Total business-type activities expense	<u>2,194,422</u>	<u>2,279,417</u>	<u>2,211,868</u>	<u>2,326,674</u>	<u>2,152,061</u>	<u>2,195,791</u>	<u>4,489,723</u>	<u>4,633,320</u>	<u>5,253,423</u>	<u>5,518,481</u>
Total district expenses	<u>\$ 132,330,559</u>	<u>\$ 136,283,170</u>	<u>\$ 136,151,294</u>	<u>\$ 138,705,526</u>	<u>\$ 141,328,910</u>	<u>\$ 145,191,974</u>	<u>\$ 160,439,410</u>	<u>\$ 176,098,320</u>	<u>\$ 190,569,201</u>	<u>\$ 190,427,357</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Special Education	\$ 162,070	\$ 183,603								
Tuition			\$ 240,890	\$ 336,014	\$ 336,408	\$ 288,409	\$ 216,116	\$ 281,529	\$ 339,572	\$ 232,372
Special Schools	1,696,439	1,816,985	1,661,821	1,952,286	2,095,236	2,023,902				
Operating grants and contributions	16,190,504	15,272,528	14,557,527	2,309,757	2,401,594	2,087,374	2,191,240	2,788,827	2,152,592	2,505,444
Capital grants and contributions	251,809		1,144,458	404,041		407,602	349,442		2,500,000	
Total governmental activities program revenues	<u>\$ 18,300,822</u>	<u>\$ 17,273,116</u>	<u>\$ 17,604,696</u>	<u>\$ 5,002,098</u>	<u>\$ 4,833,238</u>	<u>\$ 4,802,877</u>	<u>\$ 2,756,798</u>	<u>\$ 3,070,356</u>	<u>\$ 2,742,164</u>	<u>\$ 2,737,816</u>
Business-Type Activities										
Charges for services:										
Food Service	\$ 1,783,069	\$ 1,825,265	\$ 1,815,329	\$ 1,820,456	\$ 1,639,914	\$ 1,684,107	\$ 1,772,352	\$ 1,748,269	\$ 1,872,086	\$ 1,912,129
Adult School							2,878,501	2,609,041	1,979,086	2,598,898
Operating grants and contributions	416,517	536,429	514,526	574,150	580,525	625,454	698,415	739,830	805,480	807,718
Total business-type activities program revenues	<u>\$ 2,199,586</u>	<u>\$ 2,361,694</u>	<u>\$ 2,329,855</u>	<u>\$ 2,394,606</u>	<u>\$ 2,220,439</u>	<u>\$ 2,309,561</u>	<u>\$ 5,349,268</u>	<u>\$ 5,097,140</u>	<u>\$ 4,656,652</u>	<u>\$ 5,318,745</u>
Total District Program Revenues	<u>\$ 20,500,408</u>	<u>\$ 19,634,810</u>	<u>\$ 19,934,551</u>	<u>\$ 7,396,704</u>	<u>\$ 7,053,677</u>	<u>\$ 7,116,848</u>	<u>\$ 8,106,066</u>	<u>\$ 8,167,496</u>	<u>\$ 7,398,816</u>	<u>\$ 8,056,561</u>
Net (Expense)/Revenue: Governmental Activities	\$(11,835,315)	\$(116,730,637)	\$(116,334,730)	\$(131,376,754)	\$(134,343,611)	\$(138,888,896)	\$(153,192,889)	\$(168,394,644)	\$(182,573,614)	\$(182,171,060)
Business-Type Activities	5,164	82,277	1,179,871	67,932	68,378	113,770	859,545	463,820	(596,771)	(199,736)
Total District-Wide Net Position	<u>\$(11,830,151)</u>	<u>\$(116,648,360)</u>	<u>\$(116,216,743)</u>	<u>\$(131,308,822)</u>	<u>\$(134,275,233)</u>	<u>\$(138,075,126)</u>	<u>\$(152,333,344)</u>	<u>\$(167,930,824)</u>	<u>\$(183,170,385)</u>	<u>\$(182,370,796)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property Taxes Levied for General Purposes	\$ 107,986,991	\$ 111,498,049	\$ 115,157,971	\$ 114,831,204	\$ 117,978,486	\$ 120,740,876	\$ 122,152,214	\$ 125,598,736	\$ 128,110,712	\$ 132,215,563
Taxes Levied for Debt Service	766,297	2,583,484	2,664,792	2,355,480	2,432,893	2,511,028	2,784,536	2,788,077	2,789,167	2,802,133
Federal and State Aid not Restricted	1,912,146	1,485,655	716,732	13,765,153	18,161,615	16,374,275	31,151,966	37,599,051	49,505,740	51,706,779
Investment Earnings	276,198	94,085	77,310	45,399	40,140	13,816	693	2,990	7,070	17,278
Miscellaneous Income	127,603	555,424	292,535	96,908	337,075	654,483	105,326	260,942	643,517	880,990
Insurance proceeds					430,889					
Transfers	(21,992)	(9,009)	77,207	13,518	(11,853)	(2,069)				
Total Governmental Activities	<u>111,047,243</u>	<u>116,207,688</u>	<u>118,986,547</u>	<u>131,107,662</u>	<u>139,369,245</u>	<u>140,292,409</u>	<u>156,194,735</u>	<u>166,249,796</u>	<u>181,056,206</u>	<u>187,622,743</u>
Business-Type Activities:										
Investment Earnings	318	200	939	761	768					
Insurance proceeds					20,319					
Transfers	21,992	9,009	(77,207)	(13,518)	11,853	2,069				
Total Business-Type Activities	<u>22,310</u>	<u>9,209</u>	<u>(76,268)</u>	<u>(12,757)</u>	<u>32,940</u>	<u>2,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District-Wide	<u>\$ 111,069,553</u>	<u>\$ 116,216,897</u>	<u>\$ 118,910,279</u>	<u>\$ 131,094,905</u>	<u>\$ 139,402,185</u>	<u>\$ 140,294,478</u>	<u>\$ 156,194,735</u>	<u>\$ 166,249,796</u>	<u>\$ 181,056,206</u>	<u>\$ 187,622,743</u>
Change in Net Position:										
Governmental Activities	\$ (788,072)	\$ (522,949)	\$ 2,651,817	\$ (269,092)	\$ 5,025,634	\$ 2,103,513	\$ 3,001,846	\$ (2,144,848)	\$ (1,517,408)	\$ 5,451,683
Business-Type Activities	27,474	91,486	41,719	55,175	101,318	1,158,339	859,545	463,820	(596,771)	(199,736)
Total District	<u>\$ (760,598)</u>	<u>\$ (431,463)</u>	<u>\$ 2,693,536</u>	<u>\$ (213,917)</u>	<u>\$ 5,126,952</u>	<u>\$ 2,219,352</u>	<u>\$ 3,861,391</u>	<u>\$ (1,681,028)</u>	<u>\$ (2,114,179)</u>	<u>\$ 5,251,947</u>

Source: District records

GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

GASB 75 was implemented in the 2018 fiscal year, which increased the federal and state aid not restricted and various expense lines from the previous year.

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

Unaudited

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	(as restated)									
General Fund										
Reserved/Restricted	\$ 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	\$ 10,604,331
Assigned			1,966,726	1,464,329	4,679,708	3,633,704	3,205,980	3,802,392	3,246,177	646,579
Unassigned			2,379,650	2,177,866	2,686,143	2,759,671	2,685,084	2,449,794	2,314,752	3,358,575
Unreserved	2,552,283	2,412,467								
Total general fund	<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>	<u>\$ 14,609,485</u>
All Other Governmental Funds										
Restricted	\$ 2,679,749	\$ 735,639	\$ 1,063,680	\$ 861,145	\$ 509,338	\$ 12,100,903	\$ 3,147,328	\$ 373,501	\$ 296,122	\$ 1,516
Unassigned (deficit)			(41,015)							
Unreserved, Reported In:										
Capital projects fund	920,402	180,041								
Debt service fund	12,179	19,489								
Total all other governmental funds	<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>	<u>\$ 1,516</u>
Total All Funds	<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>	<u>\$ 14,611,001</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.

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,									
	2009	2010	2011	2012	2013 (as restated)	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$ 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	\$ 135,017,696
Interest Earned	9,777	4,511	4,698	2,286	1,294	5,000	641	2,990	7,070	17,278
Miscellaneous	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	1,141,118
State sources	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	25,491,638
Federal sources	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	2,302,073
Total revenue	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	163,969,803
Expenditures										
Instruction										
Regular instruction	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	38,322,588
Special Education Instruction	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	11,834,645
Other Instruction	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	3,706,079
School-Sponsored Instruction	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	2,358,893
Support Services:										
Tuition	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	9,777,529
Student Service	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	14,930,575
Student & Instruction Related Service	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	3,614,699
General Administration	1,040,958	888,499	886,793	1,085,949	833,270	860,115	793,255	1,091,645	959,859	972,171
School Administration	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	4,726,857
Central Services	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	1,968,240
Administrative Information Technology	883,790	823,754	754,861	640,210	773,555	751,374	1,505,088	1,678,728	1,712,591	1,813,103
Plant Operations & Maintenance	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	11,699,083
Pupil Transportation	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	7,586,885
Unallocated Benefits	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	40,496,691
Debt service:										
Principal	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	1,950,000
Interest	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	1,424,400
Cost of Issuance							146,300			
Capital outlay	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	3,490,654
Charter school	89,288	133,619	160,727	285,780	359,963	385,109	343,519	338,426	259,712	231,982
Special Schools	1,486,532	1,559,717	1,674,554	1,805,199	1,800,842	1,721,809	1,666			
Total expenditures	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	160,905,074
Excess (Deficiency) of revenues over (under) expenditures	(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)	3,064,729
Other financing sources (uses)										
Capital leases (non-budgeted)	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	1,000,000
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	2,557,839	45,998	89,443	473,119	350,895	1,612,942	50,052	552	37,212	294,053
Transfers out	(2,579,831)	(55,007)	(12,236)	(459,601)	(362,748)	(1,615,011)	(50,052)	(552)	(37,212)	(294,053)
Total other financing sources (uses)	983,008	995,991	1,082,207	1,018,518	1,424,036	15,765,358	1,690,056	2,370,893	440,000	1,000,000
Net change in fund balances	\$ (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)	\$ 4,064,729
Debt service as a percentage of noncapital expenditures	2.53%	2.44%	2.43%	2.42%	2.45%	2.59%	3.45%	2.23%	2.20%	2.14%

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
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
2018	17,278	232,372	63,036	179,965	637,989	1,130,640

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)
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	1.75	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	1.77	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	7,189,343,350	1.81	8,645,733,734
2018	75,139,700	4,422,342,000	-	-	2,030,709,600	257,430,800	417,871,100	7,203,493,200	563,604,800	418,700	7,203,911,900	1.85	8,584,819,202

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- Troy Hills	Morris County	
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	0.61	0.30	2.64
2015	1.71	0.04	1.75	0.62	0.30	2.67
2016	1.73	0.04	1.77	0.63	0.30	2.70
2017	1.77	0.04	1.81	0.66	0.30	2.77
2018	1.81	0.04	1.85	0.66	0.31	2.82

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	2018		Taxpayer	2009	
	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	\$ 82,500,000	1.10%
Morris Corporate Center, HDQ III	58,875,100	0.82%	State Farm Insurance	61,015,400	0.81%
Morris Corporate Center, HDQ I & II	57,660,700	0.80%	Morris Corporate Center, HDQ III	60,875,100	0.81%
Powder Mill Heights	51,831,300	0.72%	Cendant	58,677,800	0.78%
NJ Kimball, LLC	49,544,700	0.69%	Parsippany Hilton	57,660,700	0.77%
Sylvan/Campus Rlty, LLC	49,101,800	0.68%	Morris Corporate Ctr. IV, Phase II	57,268,000	0.76%
MCC IV - Phase I, LLC	43,526,900	0.60%	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	0.56%	Benenson Par LLC - NY Life Ins.	51,510,700	0.69%
Wyndham Worldwide	39,807,200	0.55%	Starwood Realty - Tara	49,101,800	0.65%
Total	\$ 493,547,400	6.85%		\$ 583,967,700	7.79%
Net Assessed Value	<u>\$7,203,911,900</u>			<u>\$ 7,498,142,742</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		
		Amount	Percentage of Levy	Collections in Subsequent Years
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%	-
2018	135,017,696	135,017,696	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,	Governmental Activities		Total District	Percentage of Personal Income ^(a)	Per Capita ^(a)
	General Obligation Bonds	Capital Leases			
2009	\$ 46,383,000	\$ 2,721,823	\$ 49,104,823	1.36%	\$ 984
2010	45,183,000	2,923,428	48,106,428	1.30%	962
2011	43,933,000	3,004,835	46,937,835	1.24%	882
2012	42,583,000	3,045,125	45,628,125	1.15%	854
2013	41,083,000	3,042,587	44,125,587	1.07%	823
2014	38,848,000	18,567,079	57,415,079	1.30%	1,070
2015	35,270,000	18,798,211	54,068,211	1.25%	1,010
2016	33,470,000	18,994,034	52,464,034	1.17%	981
2017	31,570,000	16,891,317	48,461,317	1.03%	910
2018	29,620,000	15,204,082	44,824,082	0.95%	843

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			
2009	\$ 46,383,000		\$ 46,383,000	0.62%	\$ 984
2010	45,183,000		45,183,000	0.61%	962
2011	43,933,000		43,933,000	0.60%	882
2012	42,583,000		42,583,000	0.59%	854
2013	41,083,000		41,083,000	0.57%	823
2014	38,848,000		38,848,000	0.54%	1,070
2015	35,270,000	\$ 37,829	35,232,171	0.49%	1,010
2016	33,470,000	37,309	33,432,691	0.47%	981
2017	31,570,000	2,069	31,567,931	0.44%	910
2018	29,620,000	1,516	29,618,484	0.41%	843

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, 2017
 Unaudited

	Debt Authorized and Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Township of Parsippany	\$ 93,021,774	100.00%	\$ 93,021,774
Morris County General Obligation Debt	217,187,521	8.52%	18,504,377
Subtotal overlapping debt			111,526,151
Parsippany-Troy Hills School District Direct Net Debt			29,618,484
Total direct and overlapping debt			\$ 141,144,635

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 2018

	Equalized valuation basis
	2018 \$ 8,584,819,202
	2017 8,645,733,734
	2016 8,506,908,491
	<u>\$ 25,737,461,427</u>
	Average equalized valuation of taxable property
	<u>\$ 8,579,153,809</u>
	Debt limit ^a (4 % of average equalization value)
	\$ 343,166,152
	Net bonded school debt
	<u>29,618,484</u>
	<u>Legal debt margin</u>
	<u>\$ 313,547,668</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>	<u>2018</u>
Debt limit	\$ 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	\$ 343,166,152
Total net debt applicable to limit	<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>	<u>29,618,484</u>
Legal debt margin	<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>	<u>\$ 313,547,668</u>
Total net debt applicable to the limit as a percentage of debt limit	12.02%	17.33%	11.40%	11.56%	11.87%	11.48%	10.41%	9.84%	9.25%	8.63%

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 ^a	Unemployment Rate ^a
2009	49,880	\$ 3,599,939,360	\$ 72,172	7.60%
2010	49,982	3,709,164,220	74,210	7.60%
2011	53,239	3,799,188,279	71,361	7.10%
2012	53,447	3,979,663,620	74,460	7.30%
2013	53,594	4,137,831,958	77,207	7.30%
2014	53,681	4,403,291,387	82,027	6.10%
2015	53,544	4,329,996,192	80,868	4.20%
2016	53,476	4,475,246,012	83,687	4.20%
2017	53,278	4,682,923,088	87,896	4.00%
2018	53,201	4,738,347,065	89,065	3.70%

^a Provided by the NJ Dept of Education.

^b Personal income was not available, only county average.

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

2018			2009		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
United Parcel Post	2,800	N/A	Novartis	1,994	N/A
Wyndham Worldwide	1,500	N/A	United Parcel	1,500	N/A
Tiffany and Company	1,000	N/A	ADP	1,327	N/A
Avis	900	N/A	Greystone Psych.	1,200	N/A
Common Health	700	N/A	Realogy Corporation	1,100	N/A
GAF	600	N/A	Tiffany & Co.	1,039	N/A
ADP	600	N/A	Wyndham Worldwide	1,000	N/A
NJ Manufacturers Insurance	500	N/A	State Farm Insurance	813	N/A
Deloitte	500	N/A	Avis Budget Group, Inc.	650	N/A
Day Pitney	500	N/A	Deloitte & Touche	600	N/A
	<u>9,600</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>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>	<u>2018</u>
Instruction:										
Regular	544.3	539.7	516.4	513.1	519.2	521.7	509.0	519.8	524.7	521.8
Special Education	96.3	104.0	106.0	109.6	113.0	112.6	108.0	116.0	115.4	117.4
Support Services:										
Student & Instruction Related Services	113.8	106.0	107.2	109.0	102.4	118.9	104.8	104.9	105.6	113.0
School Administrative Services	32.0	32.0	32.0	32.0	37.3	35.0	38.0	40.0	38.0	36.0
General & Business Administrative Services	5.0	5.0	5.0	5.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant Operations and Maintenance	111.5	113.5	94.0	94.0	98.5	103.5	110.0	110.5	108.0	110.5
Pupil Transportation	24.0	23.0	23.0	23.0	22.0	22.0	25.0	26.0	27.0	27.0
Business and Other Support Services	82.0	80.5	80.5	81.5	81.5	87.0	85.5	85.0	81.0	78.0
Total	<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>	<u>1,006.7</u>

Source: District Personnel Records

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

At June 30,	Pupil/Teacher Ratio								Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Elementary	Middle School	High School				
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%
2018	7,032	154,040,020	21,906	2.12%	753	11.6:1	10.5:1	10.3:1	7,024	6,758	0.44%	96.21%

Note: Enrollment's based October 13, 2017 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

District Building	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Parisppany High School (1956)										
Square Feet	174,377	174,377	174,377	174,377	174,377	174,377	174,377	174,377	174,377	174,377
Capacity (students)	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106
Enrollment	1,020	1,043	1,043	1,008	1,008	971	932	928	929	900
Parsippany Hills High School (1970)										
Square Feet	218,009	218,009	218,009	218,009	218,009	218,009	218,009	218,009	218,009	218,009
Capacity (students)	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
Enrollment	1,166	1,153	1,132	1,139	1,139	1,071	1,055	1,032	1,075	1,067
Brooklawn Middle School (1965)										
Square Feet	125,310	125,310	125,310	125,310	125,310	125,310	125,310	125,310	125,310	125,310
Capacity (students)	900	900	900	900	900	900	900	900	900	900
Enrollment	915	872	861	844	844	881	863	878	886	919
Central Middle School (1928)										
Square Feet	138,221	138,221	138,221	138,221	138,221	138,221	138,221	138,221	138,221	138,221
Capacity (students)	846	846	846	846	846	846	846	846	846	846
Enrollment	755	762	792	812	812	753	761	790	785	793
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)	266	266	266	266	266	266	266	266	266	266
Enrollment	283	277	331	338	338	335	323	312	332	329
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)	286	286	286	286	286	286	286	286	286	286
Enrollment	314	331	316	298	298	285	297	299	297	287
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)	281	281	281	281	281	281	281	281	281	281
Enrollment	331	359	323	312	312	331	347	365	367	401
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)	328	328	328	328	328	328	328	328	328	328
Enrollment	407	436	400	431	431	423	417	427	416	395
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)	297	297	297	297	297	297	297	297	297	297
Enrollment	324	314	321	334	334	320	318	298	294	284
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)	320	320	320	320	320	320	320	320	320	320
Enrollment	394	368	393	381	381	359	369	393	390	375
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)	302	302	302	302	302	302	302	302	302	302
Enrollment	350	396	423	430	430	406	414	403	402	439
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)	278	278	278	278	278	278	278	278	278	278
Enrollment	320	358	367	371	371	368	362	375	375	377
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)	280	280	280	280	280	280	280	280	280	280
Enrollment	280	265	280	270	270	245	252	243	242	228
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)	289	289	289	289	289	289	289	289	289	289
Enrollment	320	325	307	302	302	266	249	248	253	238
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, 2018										
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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Parsippany High School	\$ 56,790	\$ 73,502	\$ 267,218	\$ 350,175	\$ 328,401	\$ 386,218	\$ 436,982	\$ 444,752	\$ 404,580	\$ 442,231
Parsippany Hills High School	63,925	96,302	336,581	334,563	410,880	483,520	547,074	556,802	506,507	553,645
Brooklawn Middle School	42,854	54,691	244,553	269,543	225,776	277,542	314,022	319,606	290,737	317,794
Central Middle School	43,382	62,692	258,973	201,581	246,301	289,650	327,722	333,549	303,421	331,658
Eastlake Elementary School	13,701	13,495	68,556	148,268	61,575	69,345	78,459	79,854	72,641	79,401
Intervale Elementary School	10,216	24,362	88,620	69,804	82,100	86,450	97,813	99,552	90,560	98,987
Knollwood Elementary School	12,432	16,513	54,310	48,476	81,995	75,039	84,902	86,412	78,606	85,922
Lake Hiawatha Elementary School	19,793	22,075	99,239	127,723	102,625	98,392	111,325	113,304	103,070	112,662
Lake Parsippany Elementary School	22,702	26,619	136,929	76,337	61,600	81,389	92,087	93,724	85,258	93,193
Littleton Elementary School	14,591	13,391	85,716	62,744	61,578	92,780	104,975	106,841	97,191	106,236
Mt. Tabor Elementary School	25,406	32,716	167,401	81,104	61,580	94,600	107,035	108,938	99,098	108,320
Northvail Elementary School	12,350	20,923	83,721	73,647	61,599	72,642	82,191	83,652	76,096	83,178
Rockaway Meadow Elementary School	13,097	35,660	69,554	62,796	82,140	80,545	91,132	92,752	84,374	92,226
Troy Hills elementary School	11,408	22,300	75,759	73,762	82,106	81,847	92,605	94,252	85,738	93,718
Administration Building	1,643,930	1,540,299	140,114	116,345	82,105	80,842	91,468	93,094	84,685	92,566
Maintenance Building	77,071	82,178	13,008	10,844	20,525	9,024	10,209	10,391	9,452	10,332
Grand Total	\$ 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	\$2,702,068

Source: District records of required maintenance.

Parsippany-Troy Hills School District
 Insurance Schedule
 Year ended June 30, 2018
 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
Parsippany, New Jersey
County of Morris

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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 11, 2019.

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

February 11, 2019
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
Parsippany, New Jersey
County of Morris

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, 2018. 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, 2018.

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

February 11, 2019
Livingston, New Jersey

Pasippany-Troy Hills School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Period	Grant Period	Award Amount	Balance June 30, 2017			Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2018		
						(Accounts Receivable)	Unearned Revenue	Due to Grantor						(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	1805NJ5MAP	N/A	7/1/17-6/30/18	\$ 16,943				\$ 16,943	\$ 16,943						
Total U.S. Department of Health and Human Services - Passed-through State Department of Education									16,943	16,943						
Total General Fund									16,943	16,943						
U.S. Department of Education—Passed-Through State Department of Education																
Special Revenue Fund:																
Title I, Part A	84.010A	S010A170030	ESEA395018	7/1/17-6/30/18	400,407				95,794	227,079			\$ (131,285)			
Title I, Part A	84.010A	S010A160030	ESEA395017	7/1/17-6/30/18	372,245	\$ (80,415)			206,751	126,336						
Title II, Part A	84.367A	S367A170029	ESEA395018	7/1/17-6/30/18	113,026				24,097	34,574			(10,477)			
Title II, Part A	84.367A	S367A160029	ESEA395017	7/1/17-6/30/18	101,784	(10,360)			56,805	46,445						
Language Instruction for English Learners and Immigrant Students:																
Title III	84.365A	S365A170030	ESEA395018	7/1/17-6/30/18	100,539				36,706	55,059			(18,353)			
Title III	84.365A	S365A160030	ESEA395017	7/1/17-6/30/18	119,320	(5,198)			84,409	79,211						
Title III	84.365A	S365A150030	ESEA395016	7/1/15-6/30/16	158,021	(1,305)					\$ 1,305					
Title III - Supplemental Immigrant Student Aid	84.365	S365A160030	ESEA395017	7/1/17-6/30/18	30,248				20,436	23,267			(2,831)			
Sub-total of Language Instruction for English Learners and Immigrant Students						(6,503)			141,551	157,537	1,305		(21,184)			
Title IV	84.424	S424A170031	ESEA395018	7/1/17-6/30/18	10,000				737	737						
Special Education Grant Cluster:																
I.D.E.A. Part B, Regular	84.027	H027A170100	IDEA395017	7/1/17-6/30/18	1,576,915				1,207,792	1,383,104			(175,312)			
I.D.E.A. Part B, Regular	84.027	H027A160100	IDEA395016	7/1/17-6/30/18	1,581,147	(174,759)			429,115	254,356						
I.D.E.A. Part B, Preschool	84.173	H173A170114	IDEA395017	7/1/17-6/30/18	58,395				28,930	46,101			(17,171)			
Sub-total of Special Education Grant Cluster						(174,759)			1,665,837	1,683,561			(192,483)			
STEM Partnership	84.413A	N/A	N/A	9/1/16-11/30/16	6,000		\$ 723							\$ 723		
Emergency Impact Aid	84.938C	N/A	N/A	7/1/17-6/30/18	25,500					25,500			(25,500)			
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							
Total Special Revenue Fund						(522,037)	723		2,441,572	2,301,769	1,305		(380,929)	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	181NJ304N1099	N/A	7/1/17-6/30/18	211,569				211,569	205,680				5,889		
U.S.D.A Food Donation Program (NC)	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	199,363		3,574			3,574						
National School Breakfast Program	10.553	181NJ304N1099	N/A	7/1/17-6/30/18	61,951				57,719	61,951			(4,232)			
National School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/16-6/30/17	36,247	(2,481)			2,481							
National School Lunch Program	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	511,712				483,344	511,712			(28,368)			
National School Lunch Program	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	548,319	(33,317)			33,317							
Sub-total of Child Nutrition Cluster						(35,798)	3,574		788,430	782,917			(32,600)	5,889		
Total Enterprise Fund and Total U.S. Department of Agriculture—Passed-Through State Department of Agriculture						(35,798)	3,574		788,430	782,917			(32,600)	5,889		
Total Expenditures of Federal Awards					\$ (557,835)	\$ 4,297	\$ -	\$ -	\$ 3,246,945	\$ 3,101,629	\$ 1,305	\$ -	\$ (413,529)	\$ 6,612		

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, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017			Cash Received	Budgetary Expenditures	Repayment of Prior Years'		Balance at June 30, 2018			Memo	
				Uncearned Rev. (Accts Rec)	Due to Grantor	Carryover/Walkover			Uncearned 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	\$ (383,100)			\$ 383,100								
Special Education Categorical Aid	495-034-5120-089	7/1/17-6/30/18	4,122,500				3,718,419	\$ 4,122,500				\$ (404,081)		\$ 4,122,500	
Equalization Aid	495-034-5120-078	7/1/16-6/30/17	92,029	(9,027)			9,027								
Equalization Aid	495-034-5120-078	7/1/17-6/30/18	92,029				83,008	92,029					(9,021)	92,029	
Security Aid	495-034-5120-084	7/1/16-6/30/17	152,564	(14,965)			14,965								
Security Aid	495-034-5120-084	7/1/17-6/30/18	152,564				137,610	152,564					(14,954)	152,564	
Additional Adjustment Aid	495-034-5120-085	7/1/17-6/30/18	1				1	1						1	
Transportation Aid	495-034-5120-014	7/1/16-6/30/17	350,265	(34,357)			34,357								
Transportation Aid	495-034-5120-014	7/1/17-6/30/18	350,265				315,933	350,265					(34,332)	350,265	
PARCC Readiness Aid	495-034-5120-098	7/1/16-6/30/17	69,790	(6,845)			6,845								
PARCC Readiness Aid	495-034-5120-098	7/1/17-6/30/18	69,790				62,949	69,790					(6,841)	69,790	
Per Pupil Growth Aid	495-034-5120-097	7/1/16-6/30/17	69,790	(6,845)			6,845								
Per Pupil Growth Aid	495-034-5120-097	7/1/17-6/30/18	69,790				62,949	69,790					(6,841)	69,790	
Professional Learning Community Aid	495-034-5120-101	7/1/16-6/30/17	69,460	(6,813)			6,813								
Professional Learning Community Aid	495-034-5120-101	7/1/17-6/30/18	69,460				62,652	69,460					(6,808)	69,460	
Extraordinary Aid	100-034-5120-473	7/1/16-6/30/17	1,439,711	(1,439,711)			1,439,711								
Extraordinary Aid	100-034-5120-473	7/1/17-6/30/18	1,323,011				1,328,153					\$ (1,328,153)		1,328,153	
Additional NP Transportation Aid	Not available	7/1/16-6/30/17	52,503	(52,503)			52,503								
Additional NP Transportation Aid	Not available	7/1/17-6/30/18	100,657				100,657					(100,657)		100,657	
Homeless tuition reimbursement	Not available	7/1/17-6/30/18	30,107				30,107					(30,107)		30,107	
On-Behalf TPAF - Pension Contributions	495-034-5095-001	7/1/17-6/30/18	8,546,087				8,546,087	8,546,087						8,546,087	
On-Behalf TPAF - Medical Contributions	495-034-5095-001	7/1/17-6/30/18	5,519,736				5,519,736	5,519,736						5,519,736	
On-Behalf TPAF - Long-Term Disability Contributions	Not available	7/1/17-6/30/18	11,433				11,433	11,433						11,433	
Reimbursed TPAF - Social Security	495-034-5094-003	7/1/17-6/30/18	4,315,827				4,104,380	4,315,827				(211,447)		4,315,827	
Total General Fund				(1,954,166)			24,579,323	24,778,399				(1,670,364)		(482,878)	24,778,399
Special Revenue Fund:															
Non Public Auxiliary Services (Ch. 192):	100-034-5120-067														
Compensatory Education		7/1/16-6/30/17	44,790	\$ 18,095				\$ 18,095							
Compensatory Education		7/1/17-6/30/18	42,520				42,520	31,890				\$ 10,630		31,890	
Non Public Handicapped Services (Ch. 193):	100-034-5120-066														
Supplemental Instruction		7/1/16-6/30/17	19,382	2,276				2,276							
Supplemental Instruction		7/1/17-6/30/18	22,996				22,996	19,745				3,251		19,745	
Examination and Classification		7/1/16-6/30/17	32,233	8,819				8,819							
Examination and Classification		7/1/17-6/30/18	35,669				35,669	35,669						35,669	
Corrective Speech		7/1/16-6/30/17	13,253	4,948				4,948							
Corrective Speech		7/1/17-6/30/18	10,445				10,445	9,285				1,160		9,285	
New Jersey Non-Public Aid:															
Nursing	100-034-5120-070	7/1/16-6/30/17	44,010	12,600				12,600							
Nursing	100-034-5120-070	7/1/17-6/30/18	47,239				47,239	35,017				12,222		35,017	
Textbook Aid	100-034-5120-064	7/1/16-6/30/17	28,187	5,151				5,151							
Textbook Aid	100-034-5120-064	7/1/17-6/30/18	26,677				26,677	20,827				5,850		20,827	
Technology Aid	100-034-5120-374	7/1/17-6/30/18	18,019				18,019	13,252				4,767		13,252	
Security Aid	100-034-5120-509	7/1/16-6/30/17	24,450	327				327							
Security Aid	100-034-5120-510	7/1/17-6/30/18	36,525				36,525	26,873				9,652		26,873	
Total Special Revenue Fund				52,216			240,090	192,558	52,216			47,532		192,558	
Capital Projects Fund:															
New Jersey School Development Authority Grants	Various	7/1/2013-6/30/18	757,044	(568,399)			568,399	568,399							
Total Capital Projects Fund				(568,399)			568,399	568,399							
Debt Service Fund:															
Tyrell Aid	100-034-5120-075	7/1/17-6/30/18	571,714				571,714	571,714						571,714	
Total Debt Service Fund							571,714	571,714						571,714	
State Department of Agriculture															
Enterprise Fund:															
State School Lunch Program (State share)	100-010-3350-023	7/1/16-6/30/17	22,274	(1,389)			1,389								
State School Lunch Program (State share)	100-010-3350-023	7/1/17-6/30/18	24,801				23,344	24,801				(1,457)		24,801	
Total Enterprise Fund				(1,389)			24,733	24,801				(1,457)		24,801	
Total State Financial Assistance				\$ (2,523,954)	\$ 52,216	\$ -	\$ 25,984,259	\$ 25,567,472	\$ 52,216	\$ -	\$ -	\$ (1,671,821)	\$ 47,532	\$ (482,878)	\$ 25,567,472
State Financial Assistance Not Subject to Single Audit Determination:															
On-Behalf TPAF - Pension and Medical Contributions	18-495-034-5095-001/006/007	7/1/17-6/30/18	8,546,087				\$ 8,546,087	\$ 8,546,087						\$ 8,546,087	
On-Behalf TPAF - Pension and Medical Contributions	18-495-034-5095-001/006/007	7/1/17-6/30/18	5,519,736				5,519,736	5,519,736						5,519,736	
On-Behalf TPAF - Long-Term Disability Contributions	18-495-034-5095-001/006/007	7/1/17-6/30/18	11,433				11,433	11,433						11,433	
Total State Financial Assistance Subject to Single Audit Determination				\$ (2,523,954)	\$ 52,216	\$ -	\$ 11,907,003	\$ 11,490,216	\$ 52,216	\$ -	\$ -	\$ (1,671,821)	\$ 47,532	\$ (482,878)	\$ 11,490,216

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, 2018

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 District'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 funds 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, special revenue fund and debt service 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, 2018

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 \$20,926 for the general fund and \$16,639 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:

	Federal	State	Total
General Fund	\$ 16,943	\$24,727,366	\$24,744,309
Special Revenue Fund	2,285,130	192,558	2,477,688
Debt Service Fund		571,714	571,714
Food Service Enterprise Fund	782,917	24,801	807,718
Total financial award revenues	<u>\$ 3,084,990</u>	<u>\$25,516,439</u>	<u>\$28,601,429</u>

The adjustment to reconcile from budgetary basis accounts receivable to GAAP basis accounts receivable is \$16,639 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, 2018

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, 2018.

The post retirement pension, medical benefits and long-term disability benefits on-behalf of the District for the year ended June 30, 2018 amounted to \$14,077,256. 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 cancel uncollectible accounts receivable balances.

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

Year ended June 30, 2018

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:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes ✓ No

Significant deficiency(ies) identified? Yes ✓ None Reported

Noncompliance material to the basic financial statements noted? Yes ✓ No

Federal 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 issued on compliance for major federal programs:

Unmodified

Internal control over major federal programs:

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 2 CFR 200.516(a)?

 Yes ✓ No

Parsippany-Troy Hills School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2018

Part I - Summary of Auditors' Results

Identification of major federal programs:

CFDA Number(s)	FAIN Number	Name of Federal Program or Cluster
10.553	181NJ3041099	National School Breakfast Program (CNP Cluster)
10.555	181NJ3041099	National School Lunch Program (CNP Cluster)
10.555	181NJ3041099	Food Donation Program (CNP Cluster)

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

Year ended June 30, 2018

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:

<u>GMIS/Program Number</u>	<u>Name of State Program or Cluster</u>
495-034-5094-003	Reimbursed TPAF Social Security

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

Year ended June 30, 2018

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, 2018

**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, 2018

Not applicable as there were no prior year audit findings.