

Parsippany-Troy Hills School District

Parsippany
County of Morris
New Jersey

Comprehensive Fiscal Financial Report
For the Year Ended
June 30, 2015

Parsippany-Troy Hills School District

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

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

David F. Corso
Assistant Superintendent for Business/Chief Finance
And Operations Officer/Board Secretary

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December 17, 2015

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, 2015, 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 Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control over compliance and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Parsippany-Troy Hills School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds and the government-wide financial statements of the District are included in this report. The Parsippany-Troy Hills School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre K through 12. These include general as well as special education for handicapped children. Considerable emphasis is placed on an ESL program serving appropriate students, while both a basic skills and a gifted and talented program are in place to meet students' needs. The District completed the 2014-2015 fiscal year

with an enrollment of 6,959 students, which is a decrease of 55 students from the previous year's 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>
2014-2015	6,959	-0.78%
2013-2014	7,014	-3.52%
2012-2013	7,270	1.00%
2011-2012	7,267	1.10%
2010-2011	7,194	-1.10%

2) ECONOMIC CONDITION AND OUTLOOK: Over the past several years, the Board of Education has taken steps to address some key budgetary issues by creating additional Special Education programs within district to help slow the ever increasing out of district tuition costs, and controlling salary and healthcare costs through extensive negotiations and adjustments to program plans. As a result, the overall health benefit increase over the past 5 years has been approximately 8%. This is largely due to required employee contributions to health benefits. As students are presented with greater needs, the costs for providing required services are escalating with less support from the State of New Jersey. These costs, as well as the State's failure to make its 20th state aid payment for the ninth year in a row and the added deferral on the 19th payment, creates an additional burden for the local property taxpayer.

3) MAJOR INITIATIVES: The Parsippany-Troy Hills School District continues a regular and on-going program of curriculum development and revision. The curriculum is directly aligned with the New Jersey Core Curriculum Content Standards and the national Common Core Curriculum Standards with proficiencies designed to enhance student performance and enable each student to achieve growth within each content area. New and continuing instructional materials and programs to meet the requirements of PARCC, the Common Core State Standards, the appropriate New Jersey Core curriculum Content Standards and the Next Generation Science Standards are being added throughout the District.

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 success of any professional development activity in public education can only be measured in terms of the accomplishments of students. It is with this in mind that the District continues its initiatives in differentiating instruction based on the aptitudes and abilities of the students in the classroom while providing students with opportunities to demonstrate, through authentic assessment, their capacities in each content area. The district's strong, collaborative relationship with Montclair State University Network for Educational Renewal affords an opportunity for professional development experiences related to district initiatives and state-wide initiatives.

The district continues to support and expand the one-to-one iPad program at the high school level. Planned upgrading of the wireless access systems in the elementary schools will ensure that all classrooms can accommodate PARCC preparations and testing. Replacing aging student and staff equipment as well as increasing student devices to account for new middle school electives will be addressed in the 2015-2016 budget. Chromebooks will be added at the middle and elementary schools and teachers will be trained on how to use technology and integrate educational apps in their classrooms.

It is in the cultural, social, and economic diversity of the Parsippany-Troy Hills School District that the District finds its strengths and its challenges. To accommodate individual student needs, programs such

as English as a Second Language and support activities in basic skills and assistance to those children with special needs are an ongoing focus. In order to address the cost of special education out-of-district tuition, the school district has developed a plan to return students to the school district when the return is feasible under the requirements of the child's Individual Education Plan (IEP). It is envisioned that this decision will save the District considerable funds in restricting the growth in the out-of-district tuition account and will enhance the instructional opportunities for those children who will now be able to be educated in the community where they live

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assigned fund balance at June 30, 2015.

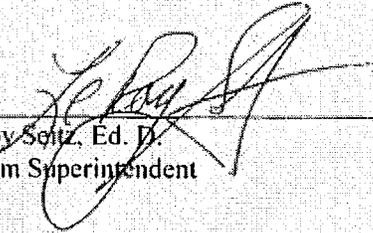
6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements," Note 1.

7) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Wiss & Company, LLP was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and required supplementary information is included in the financial section of this report.

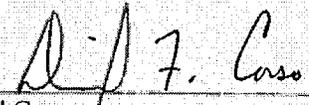
The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,



LeRoy Soltz, Ed. D.
Interim Superintendent



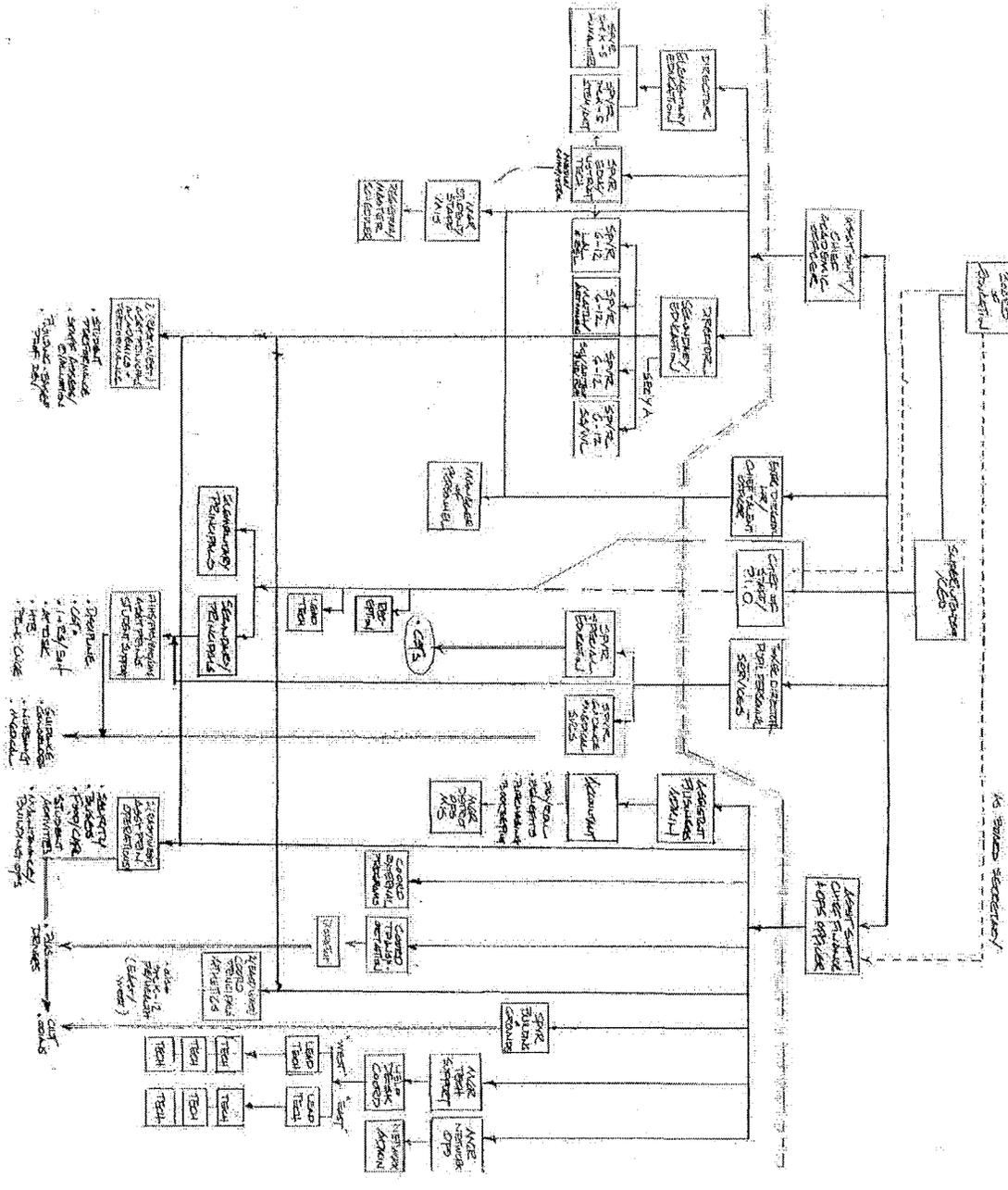
David Corso
Assistant Superintendent for Business/Chief
Finance and Operations Officer/Board Secretary

POLICY

PARSIPPANY-TROY HILLS TOWNSHIP SCHOOL DISTRICT

ADMINISTRATION
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Organizational Chart

1110 ORGANIZATIONAL CHART



**PARSIPPANY-TROY HILLS SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Fran Orthwein, President	2016
Frank Neglia, Vice President	2015
Timothy Berrios	2017
George Blair	2017
Andrew Choffo	2017
Joseph Cistaro	2016
Alison Cogan	2016
Judy Mayer	2015
Michael Pietrowicz	2015

<u>Other Officers</u>	<u>Title</u>
Scott Rixford	Superintendent of Schools
H. Ronald Smith	Interim Assistant Superintendent for Business/Chief Finance and Operations Officer/Board Secretary (July-October 2014)
David Corso	Assistant Superintendent for Business/Chief Finance and Operations Officer/Board Secretary (November-June 2015)
Eileen Hoehne	Executive Director of Human Resources/Chief Talent Officer
Nancy Gigante, Ed.D.	Assistant Superintendent/Chief Academic Officer
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, 2015

Attorney

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

Audit Firm

Wiss & Company, LLP
485 C Route 1 South, Suite 250
Iselin, New Jersey 08830

Official Depository

Wells Fargo Bank
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Parsippany, NJ 07054

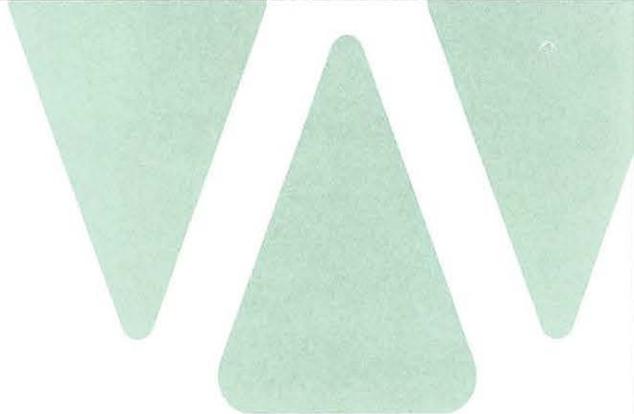
State of New Jersey Cash Management Fund
Citi Fund Services
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NJ Asset and Rebate Management Program
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Princeton, NJ 08540

Bank of America
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Chicago, IL 60603

TD Bank
1006 Astoria Blvd.
Cherry Hill, NJ 08034

Financial Section



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Parsippany-Troy Hills School District, County of Morris, New Jersey (the "District"), as of and for the year ended June 30, 2015, 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.

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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 previously 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, 2015 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 Matters

Change in Accounting Principle

As discussed in Note 1.O. to the financial statements, during the fiscal year ended June 30, 2015, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment to GASB Statement No. 68, which represents a change in accounting principle. As discussed in Note 2 to the financial statements, as of July 1, 2014, 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.

Restatement

As described in Note 2 to the financial statements, the June 30, 2014 net position in the Food Service Enterprise Fund (increase of \$130,533), the government-wide governmental activities (decrease of \$13,780,038) and business-type activities (increase of \$130,533) and the associated opening balances of the capital assets footnote were restated as a result of adjustments relating to a valuation of the District's capital assets and related accumulated depreciation due to an appraisal performed during the June 30, 2015 fiscal year. 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, the schedule of funding progress – post-employment healthcare benefit plan, the schedule of employer contributions - post-employment healthcare benefit plan, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

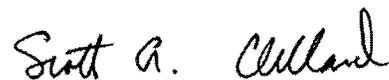
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, which consists of the combining and individual fund financial statements, long-term debt schedules and schedules of expenditures of federal awards and state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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 sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information identified above is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information identified above has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2015 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 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 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.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

December 17, 2015
Iselin, 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, 2015
(Unaudited)

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, 2015. 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 fiscal year and the prior fiscal year is presented in the MD&A as required by GASB Statement No. 34.

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 22 – 23 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 24 – 26 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 27 – 29 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 30 – 31 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 32 – 75 of this report.

Required Supplementary Information (RSI). The District is required to present certain supplementary information for its participation in a Post-Employment Healthcare Plan and the Public Employees' Retirement System ("PERS") and Teachers' Pension and Annuity Fund ("TPAF"). Schedules of the District's proportionate share of the PERS net pension liability, contributions made to this program and a schedule of the State's proportionate share of the net pension liability related to TPAF are reported as required supplementary information and can be found on pages 74 - 78 of this report.

Other information. The combining statements referred to earlier in connection with governmental funds are presented immediately following the RSI. Combining and individual fund statements and schedules can be found on pages 80 – 123 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 \$7,238,276 (net position deficit) for the fiscal year ended June 30, 2015. Excluding the restatement described in the next paragraph, net financial position improved in the current year by \$3,861,391.

The District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* ("GASB No. 68") and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68* ("GASB 71"). Due to the these statements implementation, a restatement to previously reported Governmental Activities Net Position of (\$39,991,097) was recorded. The impact of this restatement caused the District's Governmental Activities Net Position to be a Net Position (Deficit).

The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2015 and 2014:

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

	2015			2014 (as restated)		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Current and other assets	\$ 21,867,605	\$ 1,323,242	\$ 23,190,847	\$ 30,841,368	\$ 341,812	\$ 31,183,180
Capital assets, net	71,683,864	568,799	72,252,663	60,471,694	520,820	60,992,514
Total assets	93,551,469	1,892,041	95,443,510	91,313,062	862,632	92,175,694
Deferred outflow of resources						
Pension deferrals	4,749,322		4,749,322			
Unamortized deferred loss on refunded debt	2,609,716		2,609,716	1,941,124		1,941,124
Total deferred outflows of resources	7,359,038		7,359,038	1,941,124		1,941,124
Current liabilities	10,147,028	204,258	10,351,286	7,254,696	34,394	7,289,090
Net pension liability	40,987,927		40,987,927			
Long-term liabilities outstanding	56,258,953		56,258,953	57,936,298		57,936,298
Total liabilities	107,393,908	204,258	107,598,166	65,190,994	34,394	65,225,388
Deferred inflow of resources						
Pension deferrals	2,442,658		2,442,658			
Net position:						
Net investment in capital assets (as restated)	18,025,158	568,799	18,593,957	13,441,340	520,820	13,962,160
Restricted	10,500,851		10,500,851	10,621,377		10,621,377
Unrestricted (deficit)	(37,452,068)	1,118,984	(36,333,084)	4,000,475	307,418	4,307,893
Total net position (deficit)	\$ (8,926,059)	\$ 1,687,783	\$ (7,238,276)	\$ 28,063,192	\$ 828,238	\$ 28,891,430

Governmental activities

The decrease in current and other assets is mainly attributable to the decrease in cash held with fiscal agents which is a result of proceeds received from the Energy Savings Improvement Plan (ESIP) in the prior year being spent in the current year.

Capital assets, net increased due to the addition to Construction in Progress relating primarily to the ESIP and other lease funded capitalized expenses.

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

Current liabilities increased due to increases in both accounts payable and accrued expenses offset by a decrease in unearned revenue.

The net pension liability recorded as of June 30, 2015 is the result of the current year implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*.

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

The largest portion of the District's net position is its net investment in capital assets. Restricted net position includes those that are subject to restrictions (e.g., for capital projects capital reserve, emergency reserve and excess fund balance in the general fund). Restricted net position decreased during the year ended June 30, 2015 resulting from a decrease in net position restricted for capital projects.

Unrestricted net position decreased as compared to the prior year, mainly as a result of the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*, which resulted in a restatement of beginning net position of \$39,991,097.

Business-type activities

The business-type activity net position for the year ended June 30, 2015 of \$1,687,783 increased from the prior year mainly due to the District accounting for its Adult and Community Education Program in an Enterprise Fund this year and its positive operating results in the 2015 fiscal year.

Changes in Net Position

Government-wide activities. The key elements of the District's changes in net position for the years ended June 30, 2015 and 2014 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, 2015 and 2014:

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

	2015			2014 (as restated)		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 216,116	\$ 4,650,853	\$ 4,866,969	\$ 2,312,311	\$ 1,684,107	\$ 3,996,418
Operating grants and contributions	2,191,240	698,415	2,889,655	2,087,374	625,454	2,712,828
Capital grants and contributions	349,442		349,442	407,602		407,602
General revenues:						
Property taxes	124,936,750		124,936,750	123,251,904		123,251,904
Federal and state aid not restricted to specific purposes	31,151,966		31,151,966	16,374,275		16,374,275
Miscellaneous	106,019		106,019	668,299		668,299
Total revenues	158,951,533	5,349,268	164,300,801	145,101,765	2,309,561	147,411,326
Expenses:						
Instructional	84,285,192		84,285,192	76,939,602		76,939,602
Support services	69,270,921	4,489,723	73,760,644	62,168,720	2,195,791	64,364,511
Charter school	343,519		343,519	385,109		385,109
Special schools	1,666		1,666	1,721,809		1,721,809
Interest on long-term debt	2,048,389		2,048,389	1,780,943		1,780,943
Total expenses	155,949,687	4,489,723	160,439,410	142,996,183	2,195,791	145,191,974
Increase in net position before Transfers	3,001,846	859,545	3,861,391	2,105,513	113,770	2,219,352
Total transfers				(2,069)	2,069	-
Change in net position	3,001,846	859,545	3,861,391	2,103,513	115,839	2,219,352
Net position – beginning of year	28,063,192	828,238	28,891,430	39,739,717	581,866	40,321,583
Restatement	(39,991,097)		(39,991,097)	(13,780,038)	130,533	(13,649,505)
Net position (deficit) – beginning of year (as restated)	(11,927,905)	828,238	(11,099,667)			
Net position (deficit)– end of year	\$ (8,926,059)	\$ 1,687,783	\$ (7,238,276)	\$ 28,063,192	\$ 828,238	\$ 28,891,430

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 2015 as compared to the previous year, mainly attributable to the on-behalf pension benefits paid for by the State on behalf of the District.

Special schools expenses decreased due the District accounting for its Adult and Community Education Program in an Enterprise Fund beginning this year.

Business-type activities

Overall, the net position of the business-type activities increased by \$859,545 due to positive 2015 operating results. The District continued to utilize the services of an outside food service management company instead of operating the food service operations in-house. The District's Adult and Community Education Program generated the majority of the increase in net position.

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.

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, 2015, and the increases and decreases 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	(Decrease) Increase from 2014	Percent of (Decrease) Increase
Local sources	\$125,297,379	86.10%	\$ (951,315)	(0.75)%
State sources	18,129,616	12.46	1,648,860	10.00
Federal sources	2,101,583	1.44	137,943	7.02
Total	<u>\$145,528,578</u>	<u>100.00%</u>	<u>\$ 835,488</u>	<u>0.58%</u>

The decrease in local sources is mainly attributable to the District recording the revenue and offsetting expenditures related to its Adult and Community Education Program, previously accounted for in the General Fund, to an Enterprise Fund, offset by an 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 more funds expended on IDEA in the current year, partially offset by a decrease in the amount of Title I expended in the current 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, 2015, 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 2014	Percent of (Decrease) Increase
Current expenditures:				
Instruction	\$ 53,269,127	36.17%	\$ (924,773)	(1.71%)
Undistributed	82,748,919	56.18	2,586,656	3.23
Capital outlay	7,397,597	5.02	2,977,763	67.37
Charter schools	343,519	0.23	(41,590)	(10.80)
Special schools	1,666	0.01	(1,720,143)	(99.90)
Debt service:				
Principal	1,870,000	1.27	270,000	16.88
Interest	1,507,119	1.02	(278,891)	(15.62)
Cost of issuance	146,300	0.10	(43,228)	(22.81)
Total	<u>\$147,284,247</u>	<u>100.0%</u>	<u>\$ 2,825,794</u>	<u>1.96 %</u>

The increase in capital outlay is attributable to the District's additional capital leases which were entered into in fiscal year 2015. The decrease in special schools is mainly attributable to the District recording the activity of its Adult and Community Education Program in an enterprise fund this year.

General Fund Budgetary Highlights

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

- Total special education – learning/language disabilities - an increase of \$370,404 is mainly due to special education students increased enrollment to the District and as a result, the District had to hire additional professionals to provide disability services.
- Total resource room/center - a decrease of \$982,012 is due to the decrease in salaries of teachers in the program as a result of decrease in enrollment of students resulting in less professionals required to teach the program.
- Total other support service – speech, OT, PT and related services - an increase of \$757,333 is mainly due to out of District students returning to the District and as a result, the District had to hire consultants and other various professionals to provide support services.

- Total other support service - child study teams – a decrease of \$461,509 is due to the decrease in salaries of professional staff as a result of less enrollment of students attending the various programs offered.
- Total improvement of instructional services – an increase of \$798,027 is due to the increase in instructional salaries of supervisors for the increase enrollment of students requiring additional assistance of various instructional services.
- Total support services – administrative information technology – an increase of \$731,629 is due to the increase of additional support staff in the information technology department to help maintain and up keep the District’s equipment throughout the various facilities.
- Total facilities and acquisition – an increase of \$1,229,924 is due to emergent projects not identified in the 2014-2015 budget but given county approval to increase the budget in the 2014-2015 fiscal year after the budget had already been approved.

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

- Total undistributed instruction for tuition - a positive variance of \$822,235 is mainly attributable to the actual tuition costs which were lower than anticipated due to less tuition to other LEAs within the state and private school for the disabled.
- Facilities Acquisition - Construction Services - a positive variance of \$594,046 which is mainly attributable to projects which were started prior to year-end and remaining balances are encumbered for completion.

Capital Assets

At the end of the fiscal years ended June 30, 2015 and 2014, the District had \$72,252,663 and \$60,992,514, respectively, invested in land, construction in progress, land improvements, building and building improvements and machinery and equipment, net of accumulated depreciation or amortization. The June 30, 2014 values have been restated to reflect the results of an appraisal.

	Capital Assets (Net of Depreciation)			
	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
		<i>(As restated)</i>		<i>(As restated)</i>
Land	\$ 3,956,475	\$ 3,956,475		
Land improvements	809,517	397,817		
Construction in Progress	12,263,132	4,358,274		
Building and building improvements	50,588,026	48,348,349		
Machinery and equipment	4,066,714	3,410,779	\$568,799	\$ 520,820
Total	\$ 71,683,864	\$ 60,471,694	\$568,799	\$ 520,820

The increase in land improvements, building and building improvements and machinery and equipment is mainly due to additions exceeding depreciation expense during the 2015 fiscal year.

The increase in construction in progress is due to new additions relating to the ESIP and other lease activity.

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

Debt Administration

At June 30, 2015, the District had \$60,986,609 of outstanding long-term liabilities. Of this amount, \$1,085,302 is for compensated absences; \$40,431,460 of serial bonds including an unamortized premium on bonds of \$5,161,460; \$670,637 is for other post-employment retirement benefits payable; and \$18,799,210 is for capital leases.

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 with an interest rate of 4.500%. The outstanding principal of the defeased debt is \$13,733,000 at June 30, 2015 which is to be paid on August 15, 2016. The present value of future cost savings from the refunding is equal to \$1,420,805 and the actual savings will be \$1,967,749, which represents 10.35% and 14.33% of the refunded bonds, respectively.

For more detailed information, refer to Note 6 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 entered into an ESIP during the 2014 fiscal year and expects to receive cost savings as the program is implemented.
2. The Board continues its focus on technological upgrades and advancements in instructional opportunities for students and staff. There are increased budgetary allocations through lease purchase to upgrade computers and technology on all educational levels in the District. The District is infusing technological instructional tools by providing Ipads to all incoming freshman.
3. The District is currently in negotiations with the teachers' union (PTHEA), secretarial union (ESAPTH) and administrators' union (APSA). All three collective bargaining agreements expired June 30, 2015. At the time these financial statements were being prepared it was difficult to estimate the outcome of these negotiations or when they may be achieved.
4. The District continues to deposit funds into its capital reserve account for required capital projects at the school facilities. In the 2014-2015 school year, the district purchased two generators, replaced two school roofs and replaced auditorium seating at one of the high

schools. Looking forward to the 2015-2016 school year, the district intends to partially replace two elementary school roofs, add additional security equipment at all schools and turf the athletic field at each high school.

5. In preparing the 2015-2016 budget, the primary goal of the Board was to develop a budget that would meet the needs of the school district and maintain the current instructional programs while complying with the 2% cap on the local tax levy. During the preparation of the 2015-2016 budget, the district utilized banked cap in an effort to sustain the level of education the District has been able to provide.

All of the above factors were considered in preparing the District's 2015-16 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, 2015.

Parsippany-Troy Hills School District

Statement of Net Position

June 30, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 10,347,290	\$ 1,271,057	\$ 11,618,347
Accounts receivable	2,616,652	125,318	2,741,970
Inventories		27,903	27,903
Internal balances	101,036	(101,036)	-
Restricted assets:			
Cash held with fiscal agent	5,061,880		5,061,880
Cash and cash equivalents	3,740,747		3,740,747
Capital assets, non-depreciable	16,219,607		16,219,607
Capital assets, depreciable, net	55,464,257	568,799	56,033,056
Total assets	<u>93,551,469</u>	<u>1,892,041</u>	<u>95,443,510</u>
Deferred outflows of resources			
Pension deferrals	4,749,322		4,749,322
Unamortized deferred loss on refunded debt	2,609,716		2,609,716
Total deferred outflows of resources	<u>7,359,038</u>		<u>7,359,038</u>
Liabilities			
Accounts payable and accrued liabilities	4,290,398	14,281	4,304,679
Accrued interest payable	1,045,191		1,045,191
Payable to state government	22,630		22,630
Other liabilities	188,941		188,941
Unearned revenue	61,153	189,977	251,130
Net pension liability	40,987,927		40,987,927
Current portion of long-term obligations	4,538,715		4,538,715
Noncurrent portion of long-term obligations	56,258,953		56,258,953
Total liabilities	<u>107,393,908</u>	<u>204,258</u>	<u>107,598,166</u>
Deferred inflow of resources			
Pension deferrals	2,442,658		2,442,658
Net position			
Net investment in capital assets	18,025,158	568,799	18,593,957
Restricted for:			
Capital projects	336,192		336,192
Other purposes	10,164,659		10,164,659
Unrestricted (deficit)	(37,452,068)	1,118,984	(36,333,084)
Total net position	<u>\$ (8,926,059)</u>	<u>\$ 1,687,783</u>	<u>\$ (7,238,276)</u>

See accompanying notes to the basic financial statements.

Parsippany-Troy Hills School District

Statement of Activities

Year ended June 30, 2015

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	\$ 60,058,776				\$ (60,058,776)		\$ (60,058,776)
Special education	15,759,413		\$ 1,092,127		(14,667,286)		(14,667,286)
Other instruction	5,318,379				(5,318,379)		(5,318,379)
School sponsored instruction	3,148,624				(3,148,624)		(3,148,624)
Support services:							
Tuition	8,927,366	\$ 216,116	1,099,113		(7,612,137)		(7,612,137)
Student activities	19,341,281				(19,341,281)		(19,341,281)
Instruction services	5,825,539				(5,825,539)		(5,825,539)
General administration services	987,411				(987,411)		(987,411)
School administration services	7,216,319				(7,216,319)		(7,216,319)
Central services	2,601,763				(2,601,763)		(2,601,763)
Admin information technology	2,010,378				(2,010,378)		(2,010,378)
Plant operations and maintenance	14,561,451			\$ 349,442	(14,212,009)		(14,212,009)
Pupil transportation	7,799,413				(7,799,413)		(7,799,413)
Interest and other charges on long-term debt	2,048,389				(2,048,389)		(2,048,389)
Charter schools	343,519				(343,519)		(343,519)
Special schools	1,666				(1,666)		(1,666)
Total governmental activities	155,949,687	216,116	2,191,240	349,442	(153,192,889)		(153,192,889)
Business-type activities							
Food service	2,474,470	1,772,352	698,415			\$ (3,703)	(3,703)
Adult and community education	2,015,253	2,878,501				863,248	863,248
Total business-type activities	4,489,723	4,650,853	698,415	-		859,545	859,545
Total primary government	\$ 160,439,410	\$ 4,866,969	\$ 2,889,655	\$ 349,442	(153,192,889)	859,545	(152,333,344)
General revenues							
Property taxes, levied for general purposes					122,152,214		122,152,214
Property taxes, levied for debt service					2,784,536		2,784,536
State aid not restricted					31,033,493		31,033,493
Federal aid not restricted					118,473		118,473
Investment earnings					693		693
Miscellaneous income					105,326		105,326
Total general revenues					156,194,735	-	156,194,735
Change in net position					3,001,846	859,545	3,861,391
Net position—beginning (as restated)					(11,927,905)	828,238	(11,099,667)
Net position—ending					\$ (8,926,059)	\$ 1,687,783	\$ (7,238,276)

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

Parsippany-Troy Hills School District
Governmental Funds

Balance Sheet

June 30, 2015

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Assets					
Cash and cash equivalents	\$ 10,309,461			\$ 37,829	\$ 10,347,290
Accounts receivable:					
State	981,733		\$ 757,044		1,738,777
Federal	24,214	\$ 769,136			793,350
Interfund	1,203,571				1,203,571
Other	84,525				84,525
Restricted assets:					
Cash held with fiscal agents	512,732		4,549,148		5,061,880
Cash and cash equivalents	3,740,747				3,740,747
Total assets	<u>\$ 16,856,983</u>	<u>\$ 769,136</u>	<u>\$ 5,306,192</u>	<u>\$ 37,829</u>	<u>\$ 22,970,140</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 612,319	\$ 3,670	\$ 1,775,841		\$ 2,391,830
Intergovernmental payables:					
State		22,630			22,630
Interfunds payable		681,683	420,852		1,102,535
Other liabilities	188,941				188,941
Unearned revenue		61,153			61,153
Total liabilities	<u>801,260</u>	<u>769,136</u>	<u>2,196,693</u>		<u>3,767,089</u>
Fund balances:					
Restricted for:					
Capital reserve	3,990,271				3,990,271
Emergency reserve	263,208				263,208
Capital projects			3,109,499		3,109,499
Debt service				\$ 37,829	37,829
Excess surplus-current year	2,974,649				2,974,649
Excess surplus-prior year	2,936,531				2,936,531
Assigned to:					
Designated for subsequent year expenditures	2,475,577				2,475,577
Designated for subsequent year expenditures - ARRA SEMI	9,008				9,008
Other purposes	721,395				721,395
Unassigned	2,685,084				2,685,084
Total fund balances	<u>16,055,723</u>		<u>3,109,499</u>	<u>37,829</u>	<u>19,203,051</u>
Total liabilities and fund balances	<u>\$ 16,856,983</u>	<u>\$ 769,136</u>	<u>\$ 5,306,192</u>	<u>\$ 37,829</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 \$102,299,989 and the accumulated depreciation is \$30,616,125.	71,683,864
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.	(1,045,191)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	2,306,664
Losses arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the new bonds are deferred and amortized over the life of the new bonds.	2,609,716
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.	(40,987,927)
Accrued pension contributions for the June 30, 2015 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.	(1,898,568)
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>(60,797,668)</u>
Net position (deficit) of governmental activities	<u>\$ (8,926,059)</u>

See accompanying notes to the basic financial statements.

Parsippany-Troy Hills School District
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2015

Major Funds

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Local sources:					
Local tax levy	\$ 122,152,214			\$ 2,784,536	\$ 124,936,750
Tuition from individuals	216,116				216,116
Interest	641		\$ 52		693
Miscellaneous	105,326	\$ 38,546			143,872
Total local sources	<u>122,474,297</u>	<u>38,546</u>	<u>52</u>	<u>2,784,536</u>	<u>125,297,431</u>
State sources	17,381,640	169,584	349,442	578,392	18,479,058
Federal sources	118,473	1,983,110			2,101,583
Total revenues	<u>139,974,410</u>	<u>2,191,240</u>	<u>349,494</u>	<u>3,362,928</u>	<u>145,878,072</u>
Expenditures:					
Current:					
Regular instruction	37,702,859				37,702,859
Special education instruction	9,059,873	1,092,127			10,152,000
Other instruction	3,288,987				3,288,987
School sponsored instruction	2,125,281				2,125,281
Support services & undist costs:					
Tuition	7,828,253	1,099,113			8,927,366
Student services	11,917,449				11,917,449
Instruction services	4,480,159				4,480,159
General administration	793,255				793,255
School administration	4,622,005				4,622,005
Central services	1,714,308				1,714,308
Admin info technology	1,505,088				1,505,088
Plant oper. & maintenance	10,636,370				10,636,370
Pupil transportation	6,822,465				6,822,465
Unallocated benefits	31,330,454				31,330,454
Capital outlay	5,896,032		9,288,878		15,184,910
Charter school	343,519				343,519
Special schools	1,666				1,666
Debt service:					
Principal	1,501,565			1,870,000	3,371,565
Interest				1,507,119	1,507,119
Cost of Issuance				146,300	146,300
Total expenditures	<u>141,569,588</u>	<u>2,191,240</u>	<u>9,288,878</u>	<u>3,523,419</u>	<u>156,573,125</u>
(Deficiency) of revenues (under) expenditures	(1,595,178)	-	(8,939,384)	(160,491)	(10,695,053)
Other financing sources (uses):					
Payment to refunding bond escrow agent				(14,591,479)	(14,591,479)
Refunding bonds issued				12,025,000	12,025,000
Premium on bond refunding				2,712,779	2,712,779
Capital leases (non-budgeted)	1,543,756				1,543,756
Transfers in				50,052	50,052
Transfers out			(50,052)		(50,052)
Total other financing sources (uses)	<u>1,543,756</u>	<u>-</u>	<u>(50,052)</u>	<u>196,352</u>	<u>1,690,056</u>
Net change in fund balances	(51,422)	-	(8,989,436)	35,861	(9,004,997)
Fund balances, July 1	16,107,145		12,098,935	1,968	28,208,048
Fund balances, June 30	<u>\$ 16,055,723</u>	<u>\$ -</u>	<u>\$ 3,109,499</u>	<u>\$ 37,829</u>	<u>\$ 19,203,051</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 an 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, 2015

Total net change in fund balances - governmental funds (from B-2)	\$ (9,004,997)
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 capital asset additions exceeded depreciation expense in the period.	
Capital additions	\$ 14,280,191
Depreciation expense	<u>(3,068,021)</u>
	11,212,170
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.	(504,128)
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.	15,603,000
Issuance of Long- term debt (bonds) provide current financial resources to governmental funds, which the repayment of the principal of the long term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position.	(12,025,000)
Governmental funds report the effect of premiums on bonds and deferred interest costs 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.	(1,745,141)
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.	67,782
Capital Leases entered into by the district are other financing sources in the Governmental Funds, but the acquisition increases long-term liabilities in the statement of net position and is not reported in the the statement of activities.	(1,543,756)
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.	1,500,566
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).	30,084
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	(588,734)
Change in net position of governmental activities (A-2)	<u><u>\$ 3,001,846</u></u>

Proprietary Fund

Parsippany-Troy Hills School District
Proprietary Fund

Combining Statements of Net Position

June 30, 2015

	Major Enterprise Funds		Total
	Food Service	Adult and Community Education	
Assets			
Current assets:			
Cash and cash equivalents	\$ 224,868	\$ 1,046,189	\$ 1,271,057
Accounts receivable:			
State	4,941		4,941
Federal	102,889		102,889
Other	17,488		17,488
Inventories	27,903		27,903
Total current assets	<u>378,089</u>	<u>1,046,189</u>	<u>1,424,278</u>
Non-current assets:			
Capital assets:			
Equipment	918,587		918,587
Accumulated depreciation	(349,788)		(349,788)
Total capital assets, net	<u>568,799</u>		<u>568,799</u>
Total assets	<u>946,888</u>	<u>1,046,189</u>	<u>1,993,077</u>
Liabilities			
Current liabilities:			
Accounts payable	7,756	6,525	14,281
Interfund payable	101,036		101,036
Unearned revenue	13,561	176,416	189,977
Total current liabilities	<u>122,353</u>	<u>182,941</u>	<u>305,294</u>
Net position			
Net investment in capital assets	568,799		568,799
Unrestricted	255,736	863,248	1,118,984
Total net position	<u>\$ 824,535</u>	<u>\$ 863,248</u>	<u>\$ 1,687,783</u>

Parsippany-Troy Hills School District
Proprietary Fund

Combining Statements of Revenues, Expenses and
Changes in Net Position

Year ended June 30, 2015

	Major Enterprise Funds		Total
	Food Service	Adult and Community Education	
Operating revenues:			
Local sources:			
Daily food sales-reimbursable programs	\$ 1,549,236		\$ 1,549,236
Special event income	223,116		223,116
Adult school income		\$ 2,878,501	2,878,501
Total operating revenues	<u>1,772,352</u>	<u>2,878,501</u>	<u>4,650,853</u>
Operating expenses:			
Cost of sales	1,113,548		1,113,548
Salaries and wages	726,102	580,535	1,306,637
Employee benefits	185,378		185,378
Supplies, insurance & other costs	288,508	1,413,978	1,702,486
Depreciation expense	53,057		53,057
Management fee	97,753		97,753
Miscellaneous expense	10,124	20,740	30,864
Total operating expenses	<u>2,474,470</u>	<u>2,015,253</u>	<u>4,489,723</u>
Operating (loss) income	(702,118)	863,248	161,130
Nonoperating revenues:			
State sources:			
State school lunch program	21,585		21,585
Federal sources:			
National school lunch program	495,116		495,116
National school breakfast program	7,509		7,509
Food donation program	174,205		174,205
Total nonoperating revenues	<u>698,415</u>	<u>-</u>	<u>698,415</u>
Change in net position	(3,703)	863,248	859,545
Total net position-beginning (as restated)	<u>828,238</u>	<u>-</u>	<u>828,238</u>
Total net position-ending	<u>\$ 824,535</u>	<u>\$ 863,248</u>	<u>\$ 1,687,783</u>

See accompanying notes to the basic financial statements.

Parsippany-Troy Hills School District
Proprietary Fund

Combining Statements of Cash Flows

Year ended June 30, 2015

	Major Enterprise Funds		Totals
	Food Service	Adult and Community Education	
Cash flows from operating activities			
Receipts from customers	\$ 1,756,883	\$ 3,054,917	\$ 4,811,800
Payments for salaries and wages	(726,102)	(580,535)	(1,306,637)
Payments for employee benefits	(185,378)	(1,407,453)	(1,592,831)
Payments to suppliers	(1,538,798)	(20,740)	(1,559,538)
Net cash (used for) provided by operating activities	<u>(693,395)</u>	<u>1,046,189</u>	<u>352,794</u>
Cash flows from noncapital financing activities			
State school lunch program	18,998		18,998
National school breakfast program	5,963		5,963
National school lunch program	421,274		421,274
Food donation program	181,904		181,904
Cash received from other funds	101,035		101,035
Net cash provided by noncapital financing activities	<u>729,174</u>		<u>729,174</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	(101,036)		(101,036)
Net cash used for capital and related financing activities	<u>(101,036)</u>		<u>(101,036)</u>
Net (decrease) increase in cash and cash equivalents	(65,257)	1,046,189	980,932
Cash and cash equivalents, beginning of year	290,125	-	290,125
Cash and cash equivalents, end of year	<u>\$ 224,868</u>	<u>\$ 1,046,189</u>	<u>\$ 1,271,057</u>
Reconciliation of operating (loss) income to net cash (used for) provided by operating activities			
Operating (loss) income	\$ (702,118)	\$ 863,248	\$ 161,130
Adjustments to reconcile operating (loss) income to net cash (used for) provided by operating activities:			
Depreciation	53,057		53,057
Change in assets and liabilities:			
(Increase) in other accounts receivable	(15,470)		(15,470)
(Increase) in inventory	(8,089)		(8,089)
(Decrease) increase in accounts payable	(20,775)	6,525	(14,250)
Increase in unearned revenue		176,416	176,416
Net cash used in operating activities	<u>\$ (693,395)</u>	<u>\$ 1,046,189</u>	<u>\$ 352,794</u>

Noncash noncapital financing activities:

The District received \$181,904 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2015.

Fiduciary Funds

Parsippany-Troy Hills School District
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2015

	Unemployment Compensation Trust Fund	Private Purpose Scholarship Trust Funds	Agency Fund
Assets			
Cash and cash equivalents	\$ 1,668,236	\$ 62,032	\$ 3,388,478
Total assets	1,668,236	62,032	\$ 3,388,478
Liabilities			
Accounts payable	21,833		
Due to student groups			\$ 373,234
Payroll deductions and withholdings payable			739,272
Summer escrow payable			2,275,972
Total liabilities	21,833		\$ 3,388,478
Net position:			
Held in trust for:			
Unemployment compensation claims	1,646,403		
Scholarships		62,032	
Total net position	\$ 1,646,403	\$ 62,032	

See accompanying notes to the basic financial statements.

Parsippany-Troy Hills School District
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2015

	Unemployment Compensation Trust Fund	Private Purpose Scholarship Trust Funds
	<u> </u>	<u> </u>
Additions:		
Employee contributions	\$ 168,393	
Donations and interest		\$ 34,874
	<u> </u>	<u> </u>
Total Additions	<u>168,393</u>	<u>34,874</u>
Deductions:		
Unemployment compensation claims	187,751	
Scholarships awarded		21,520
	<u> </u>	<u> </u>
Total Deductions	<u>187,751</u>	<u>21,520</u>
Change in net position	(19,358)	13,354
Net position, beginning	<u>1,665,761</u>	<u>48,678</u>
Net position, ending	<u>\$ 1,646,403</u>	<u>\$ 62,032</u>

See accompanying notes to the basic financial statements.

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

Year ended June 30, 2015

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, 2015

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, 2015

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, long-term legal liabilities, and other post-employment benefits, are recorded only when payment is due.

Property taxes, interest, and state equalization monies 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 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, 2015

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: These 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, 2015

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

The District reports unearned revenue on its balance sheet and statements of net position. Unearned revenue also arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when 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 the school district the entire balance of taxes in the amount 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, 2015

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. Budget amendments were made during the year ended June 30, 2015 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 only 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 Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The Board 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, 2015

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, which 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, 2015, the unused USDA commodities of \$13,561 are reported as unearned revenue in the Enterprise Fund.

H. Capital Assets

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

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

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

	Estimated Useful Life
	<hr/>
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 2 for important information regarding capital assets.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

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, 2015, the amount earned by these employees but not disbursed was \$2,275,972 and is included in liabilities – summer escrow 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, 2015 amounted to \$189,887 and the remaining balance at June 30, 2015 is \$2,609,716.

K. Compensated Absences

A liability for compensated absences 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 \$1,085,302 at June 30, 2015. 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, 2015

1. Summary of Significant Accounting Policies (continued)

L. Unearned Revenue

Unearned revenue in the special revenue fund represents cash received from federal grants, which has been received but not yet earned and in the adult and community education enterprise fund, represents tuition and fees paid in advance.

M. Long-Term Obligations

In the government-wide financial statements, and proprietary 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 proprietary 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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, deferred outflows 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, 2015

1. Summary of Significant Accounting Policies (continued)

O. GASB Pronouncements

GASBs Implemented in the 2015 Fiscal Year

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (“GASB No. 68”). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This Statement replaces the requirement of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68* (“GASB 71”). The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68 concerning the transition provisions related to certain pension contributions made to defined benefit pension plans prior to the implementation of that Statement by employers and nonemployer contributing entities. The requirements of this Statement will eliminate the source of a potential understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

O. GASB Pronouncements (continued)

GASBs Implemented in the 2015 Fiscal Year (continued)

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

P. 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 on the next page.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

P. Fund Balances (continued)

- 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 \$16,055,723 of fund balances in the General Fund at June 30, 2015, \$3,990,271 has been restricted in the capital reserve account, \$263,208 has been restricted in the emergency reserve account, \$2,974,649 has been restricted for excess surplus-current year, \$2,936,531 has been restricted for excess surplus-prior year, \$2,484,585 has been classified as assigned fund balance designated for subsequent years expenditures, \$721,395 of encumbrances is assigned to other purposes and \$2,685,084 is unassigned.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

P. Fund Balances (continued)

The Capital Projects Fund has \$3,109,499 of fund balance at June 30, 2015 that has been restricted for capital projects.

The Debt Service Fund has \$37,829 of restricted fund balance at June 30, 2015.

Q. 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.

R. 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.

S. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security and post-retirement medical pension 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 \$13,073,460 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, 2015

1. Summary of Significant Accounting Policies (continued)

T. 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 excess fund balance generated during the 2015 fiscal year was \$2,974,649 and will be utilized in its 2016-17 fiscal year budget. The District also has prior year excess fund balance in the amount of \$2,936,531 which was utilized in the 2015-16 fiscal year budget.

U. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2015 and December 17, 2015, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statement, and no items have come to the attention of the District that would require disclosure.

2. Restatement of District's Financial Statements

The District has restated its June 30, 2014 net position related to Food Service Enterprise Fund (B-5). The following presents the effects of the restatement of net position:

Beginning Net Position	\$	697,705
Adjustment to reflect the recording of the June 30, 2014 capital asset cost balance in accordance with the appraisal and therefore net position in the June 30, 2014 financial statements.		210,238
Adjustment to reflect the recording of the June 30, 2014 capital asset accumulated depreciation balance in accordance with the appraisal and therefore net position in the June 30, 2014 financial statements.		<u>(79,705)</u>
Beginning Net Position, as Restated	\$	<u>828,238</u>

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

2. Restatement of District's Financial Statements-(continued)

The District has also restated its June 30, 2014 net position related to governmental and business-type activities (A-2). The following presents the effects of the restatement of net position:

Beginning Net Position, Governmental Activities, gov't-wide	\$ 41,843,230
Recognition of net pension liability due to implementation of GASBs 68 and 71.	(39,991,097)
Deferred outflow for PERS 2015 fiscal year pension payment due to implementation of GASBs 68 and 71.	1,898,568
Accounts payable for PERS 2015 fiscal year pension payment adjustment due to implementation of GASBs 68 and 71.	(1,898,568)
Adjustment to reflect the recording of the June 30, 2014 capital asset cost balance in accordance with the appraisal and therefore net position in the June 30, 2014 financial statements.	(23,090,989)
Adjustment to reflect the recording of the June 30, 2014 capital asset accumulated depreciation balance in accordance with the appraisal and therefore net position in the June 30, 2014 financial statements.	<u>9,310,951</u>
Beginning Net Position, Governmental Activities, gov't-wide as Restated	<u>\$ (11,927,905)</u>
Beginning Net Position, Business-Type Activities	\$ 697,705
Adjustment to reflect the recording of the June 30, 2014 capital asset cost balance in accordance with the appraisal and therefore net position in the June 30, 2014 financial statements.	210,238
Adjustment to reflect the recording of the June 30, 2014 capital asset accumulated depreciation balance in accordance with the appraisal and therefore net position in the June 30, 2014 financial statements.	<u>(79,705)</u>
Beginning Net Position, Business-Type Activities, as Restated	<u>\$ 828,238</u>

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

3. 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 \$60,797,668 difference are as follows:

Bonds payable	\$ 35,270,000
Premium on bonds	5,161,460
Other post-employment benefit payable	670,637
Capital leases payable*	18,610,269
Compensated absences	<u>1,085,302</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 60,797,668</u>

* The ending balance of \$18,610,269 for capital leases excludes \$188,941 that the District has in the General Fund for other liabilities. Since the \$188,941 is already included as a liability on the Governmental Fund Balance Sheet (B-1), it is not a reconciling item to the Government-Wide Statement of Net Position (A-1).

4. Deposits and Investments

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

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails,

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

4. Deposits and Investments (continued)

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, 2015, the carrying amount of the District's deposits was \$19,152,442 and the bank balance was \$23,279,106. Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2015 was secured by federal depository insurance. The New Jersey GUDPA covered the bank balance of \$18,759,235. \$4,269,871 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 \$5,061,880 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, 2015

4. 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, 2015, the District's balance was \$324,466 with NJARM.

The NJCMF is an investment pool administered by the State of New Jersey, Department of the Treasury and issues separate reports that can be obtained directly from the Department of Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. The pooled shares are equal to the value of the District's shares. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returned that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At June 30, 2015 the District's balance with NJCMF was \$1,000,832.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

4. Deposits and Investments (continued)

New Jersey Asset and Rebate Management Fund and New Jersey Cash Management Fund (continued)

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

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

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. At June 30, 2015, 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, 2015.

5. Capital Assets

The following is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2015:

	Beginning Balance (as restated)	Additions	Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,956,475			\$ 3,956,475
Construction in progress	4,358,274	\$ 9,291,624	\$ (1,386,766)	12,263,132
Total capital assets, not being depreciated	8,314,749	9,291,624	(1,386,766)	16,219,607
Capital assets, being depreciated:				
Land improvements	2,285,670	477,096		2,762,766
Buildings and building improvements	68,467,485	3,066,369	1,386,766	72,920,620
Machinery, equipment and vehicles	8,951,894	1,445,102		10,396,996
Total capital assets being depreciated	79,705,049	4,988,567	1,386,766	86,080,382
Less accumulated depreciation for:				
Land improvements	(1,887,853)	(65,396)		(1,953,249)
Buildings and building improvements	(20,119,136)	(2,213,458)		(22,332,594)
Machinery, equipment and vehicles	(5,541,115)	(789,167)		(6,330,282)
Total accumulated depreciation	(27,548,104)	(3,068,021)	-	(30,616,125)
Total capital assets, being depreciated, net	52,156,945	1,920,546	1,388,766	55,464,257
Governmental activities capital assets, net	\$ 60,471,694	\$11,212,170	\$ -	\$ 71,683,864

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

5. Capital Assets (continued)

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

Instruction	\$ 1,839,611
Student activities	411,560
Instruction services	154,719
Central services	59,203
Plant operations and maintenance	367,319
Pupil transportation	<u>235,609</u>
Total depreciation expense – governmental activities	<u>\$ 3,068,021</u>

The following is a summarization of the business-type activities changes in capital assets for the fiscal year ended June 30, 2015:

	Beginning Balance (As restated)	Increases	Ending Balance
Business-type activities:			
Capital assets, being depreciated:			
Equipment and vehicles	\$ 817,551	\$ 101,036	\$ 918,587
Less accumulated depreciation for:			
Equipment and vehicles	<u>(296,731)</u>	<u>(53,057)</u>	<u>(349,788)</u>
Total business-type activities capital assets, net	<u>\$ 520,820</u>	<u>\$ 47,979</u>	<u>\$ 568,799</u>

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

6. Long-Term Liabilities

During the fiscal year ended June 30, 2015, the following changes occurred in governmental activities long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences payable	\$ 1,115,386	\$ 541,088	\$ 571,172	\$ 1,085,302	\$ 596,658
Bonds payable	38,848,000	12,025,000	15,603,000	35,270,000	1,800,000
Other postemployment benefit payable	738,419	176,867	244,649	670,637	
Premium on bonds	2,747,727	2,712,779	299,046	5,161,460	408,453
Obligations under capital leases	18,567,079	1,732,697	1,500,566	18,799,210	1,733,604
Governmental activity long-term liabilities	<u>\$ 62,016,611</u>	<u>\$ 17,188,431</u>	<u>\$ 18,218,433</u>	<u>\$ 60,986,609</u>	<u>\$ 4,538,715</u>

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

Bonds Payable

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

In August of 2006, the District issued \$47,633,000 of School District Bonds in order to fund the District's renovation of various schools within the school district. The bonds are due to mature annually through the 2032 fiscal year at annual interest rates ranging from 4.375% to 4.500%.

On April 24, 2014, the District issued \$19,715,000 of school refunding bonds with interest rates ranging between 3.00% and 5.00%. The District issued the bonds to advance refund \$20,350,000 of the outstanding 2006 bonds with interest rates ranging between 4.275% and 4.500%. The outstanding principal of the defeased debt is \$20,350,000 at June 30, 2015 which is to be paid on August 15, 2016. The present value of future cost savings from the refunding is equal to \$746,281 and the actual savings will be \$867,403, which represents 3.67% and 4.30% of the refunded bonds, respectively.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

6. Long-Term Liabilities (continued)

Bonds Payable (continued)

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 with an interest rate of 4.500%. The outstanding principal of the defeased debt is \$13,733,000 at June 30, 2015 which is to be paid on August 15, 2016. The present value of future cost savings from the refunding is equal to \$1,420,805 and the actual savings will be \$1,967,749, which represents 10.35% and 14.33% of the refunded bonds, respectively.

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:			
2016	\$ 1,800,000	\$ 1,597,153	\$ 3,397,153
2017	1,900,000	1,536,775	3,436,775
2018	1,950,000	1,424,400	3,374,400
2019	2,025,000	1,354,650	3,379,650
2020	2,115,000	1,271,850	3,386,850
2021-2025	11,190,000	4,932,125	16,122,125
2026-2030	10,540,000	2,235,000	12,775,000
2031-2032	3,750,000	178,250	3,928,250
	<u>\$35,270,000</u>	<u>\$14,530,203</u>	<u>\$49,800,203</u>

Bonds payable at June 30, 2015 are comprised of the following issues:

\$47,633,000, 2006 school bonds due in annual installments ranging from \$1,800,000 to \$1,900,000 through August 2031 at an interest rate of 4.375%.

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

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

Bonds Authorized But Not Issued

As of June 30, 2015, the District had no authorized but not issued bonds.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

6. Long-Term Liabilities (continued)

Capital Leases Payable

The District has capital leases outstanding for various purposes (phone system, several buses, improvements and various equipment and an Energy Savings Improvement Plan lease) with rates ranging from 0.00% to 2.77%. 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, 2015:

	<u>Amount</u>
Fiscal year ending June 30:	
2016	\$ 2,379,726
2017	3,816,708
2018	1,992,274
2019	1,366,723
2020	1,146,169
2021-2025	4,025,820
2026-2030	4,485,132
2031-2034	<u>3,676,215</u>
Total minimum lease payment	22,888,767
Less amount representing interest	<u>(4,089,557)</u>
Present value of net future minimum lease payments	<u>\$ 18,799,210</u>

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 with the first payment due July 15, 2015. During the year ended June 30, 2015, \$11,426,693 of project costs were expended for the project. The District will be utilizing the savings from the energy plan to make the lease payments to BOA. Principal and interest due on the lease are included in the future minimum lease payment schedule above.

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

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

7. 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.

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.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

7. Pension Plans (continued)

Public Employee's Retirement System (continued)

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.

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.

Funding Policy

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 over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

7. Pension Plans (continued)

Funding Policy (continued)

The District's actuarially determined contributions to PERS amounted to \$1,804,750, \$1,968,936, and \$1,559,257 for the fiscal years ended June 30, 2015, 2014 and 2013, respectively. During the year ended June 30, 2015, the State of New Jersey contributed \$7,837,750 to the TPAF for post-retirement medical benefits and other pension 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 \$4,168,356 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the government-wide and fund financial statements. The employee and employer contributions for the DCRP for the year ended June 30, 2015 were \$65,144 and \$15,930, respectively. For the year ended June 30, 2014, employee and employer contributions for the DCRP were \$28,811 and \$8,595, 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, 2015, the District reported a liability of \$40,987,927 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2013, which was rolled forward to June 30, 2014. 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, 2014, the District's proportion was 0.2189206180 percent, which was an increase of 0.0096744682 from its proportion measured as of June 30, 2013. For the year ended June 30, 2015, the District recognized full accrual pension expense of \$2,393,484 in the government-wide financial statements. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,288,880	
Net difference between projected and actual earnings on pension plan investments		\$ (2,442,658)
Changes in proportion and differences between District contributions and proportionate share of contributions	1,561,874	
District contributions subsequent to the measurement date	1,898,568	
	<u>\$ 4,749,322</u>	<u>\$ (2,442,658)</u>

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

7. Pension Plans (continued)

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

\$1,898,568 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:	
2016	\$ (86,630)
2017	(86,630)
2018	(86,630)
2019	(86,629)
2020	524,036
Thereafter	230,579
	<u>\$ 408,096</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.01%
Salary increases	
2012-2021	2.15 - 4.40%
	based on age
Thereafter	3.15 - 5.40%
	based on age
Investment rate of return	7.90%

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

7. 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

In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Markets	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 4.29% as of June 30, 2014 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 average of the last five years of contributions made in relation to the last five years of recommended 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, 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, 2015

7. 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, 2015 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 (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	At 1% Decrease (4.39%)	At Current Discount Rate (5.39%)	At 1% Increase (6.39%)
District's proportionate share of the net pension liability	\$ 51,564,208	\$ 40,987,927	\$ 32,106,543

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 at June 30, 2014 are as follows:

Collective deferred outflows of resources	\$ 1,452,705,538
Collective deferred inflows of resources	\$ 2,146,719,012
Collective net pension liability - Local Group	\$ 18,722,735,003
District's Proportion	0.2189206180%

Collective pension expense for the Local Group for the measurement period ended June 30, 2014 is \$968,532,408.

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, 2013 (the beginning of the measurement period ended June 30, 2014) is 6.44 years.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

7. 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)

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, 2014 was \$299,251,510. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. 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, 2014, the State's proportionate share of the TPAF net pension liability associated with the District was 0.5599059555 percent, which was a decrease of 0.0284510692 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$16,102,541 for contributions incurred by the State.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

7. 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	7.90%

Mortality Rates

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments 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.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

7. 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)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Fund / Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%
	<u>100.00%</u>	

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

7. Pension Plans (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.90%, and a municipal bond rate of 4.29% as of June 30, 2014 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 average of the last five years. 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 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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 State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	<u>(3.68%)</u>	<u>(4.68%)</u>	<u>(5.68%)</u>
State's proportionate share of the net pension liability associated with the District	\$ 359,920,959	\$ 299,251,510	\$ 248,790,399

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

7. Pension Plans (continued)

Additional Information

Collective balances at June 30, 2014 are as follows:

Collective deferred outflows of resources	\$	2,389,959,068
Collective deferred inflows of resources	\$	1,846,540,800
Collective net pension liability - Local Group	\$	53,813,067,539

State's proportionate share associated with the District	0.5599059555%
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Collective pension expense for the plan for the measurement period ended June 30, 2014 is \$2,906,835,786.

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, 2013 (the beginning of the measurement period ended June 30, 2014) is 8.5 years.

8. Post-Retirement Benefits

Funding Policy

P.L. 1987, chapter 384 and P.L. 1990, chapter 6 required Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, chapter 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2013 there were 100,134 retirees eligible for post-retirement medical benefits, and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2014.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

8. Post-Retirement Benefits (continued)

Funding Policy(continued)

The State will set the contribution rate based on the *annual required contribution of the employers* (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2015, 2014 and 2013 were \$4,808,669, \$3,883,666 and \$4,298,762, respectively, which equaled the required contributions for each year. The State's contributions to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

The District follows the accounting provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in accounting for its self-administered post-retirement benefit plan. This statement established guidelines for reporting costs

associated with "other postemployment benefits" (OPEB). OPEB costs are calculated based on plan benefits (other than pensions), that the retired employees and their spouses have accrued as a result of their respective years of employment service. Statement No. 45 requires governments to account for other post-employment benefits, primarily health care, on an accrual rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the government-wide statement of activities when a future retiree earns their postemployment benefit rather than when they use their postemployment benefit. To the extent that an entity does not fund their actuarially required contribution, a postemployment benefit liability is recognized on the government-wide statement of net position over time. The requirements of this statement are being implemented prospectively, with the actuarially accrued liability for the benefits at June 30, 2009 (date of transition) being amortized over 30 years. Accordingly, for financial reporting purposes, no liability was reported for the postemployment health care benefits liability at the date of transition.

Plan Description

The District provides postemployment medical benefits, including prescription drug coverage, and vision and dental care, in accordance with state statute to participating retirees and their beneficiaries. As of June 30, 2015, the valuation date, approximately 6 retirees and 2 decedents (of surviving spouses) meet the eligibility requirements put forth in P.L. 1992, c126. The District sponsors and participates in a single-employer defined benefit OPEB plan. The OPEB plan is administered by the District and does not issue a stand-alone financial statement.

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

8. Post-Retirement Benefits (continued)

Plan Description (continued)

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

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The District has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years. An updated valuation was prepared for the 2014 fiscal year. The following table presents the components of the District's annual OPEB cost for the last three years, the amount actually contributed to the Plan and changes in the District's net OPEB obligation to the Plan:

Benefit Obligations and Normal Cost

	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>
Actuarial accrued liability (AAL)	\$2,321,680	\$2,321,680	\$2,321,680
Unfunded actuarial accrued liability (UAAL)	\$2,321,680	\$2,321,680	\$2,321,680
Normal cost at beginning of year	\$193,802	\$201,742	\$240,559
Amortization factor based on 30 years	(\$6,220)	(\$11,346)	(\$50,136)
Annual covered payroll	\$0	\$0	\$0
UAAL as a percentage of covered payroll	0%	0%	0%

Level Dollar Amortization

Calculation of ARC under Entry Age Method

	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>
ARC normal cost with interest to end of year	\$164,207	\$201,742	\$240,559
Amortization of unfunded actuarial accrued liability (UAAL) over 30 years with interest at year end	<u>26,189</u>	<u>(11,346)</u>	<u>(50,136)</u>
Total ARC	190,396	190,396	190,396
Interest on net OPEB obligation	15,155	15,345	14,768
Adjustment to OPEB	<u>(29,038)</u>	<u>(29,402)</u>	<u>(28,297)</u>
Annual OPEB cost (expense)	176,513	176,339	178,867
Age adjusted contributions made	(166,999)	(205,172)	(244,649)
Net OPEB obligation - beginning of year	<u>757,738</u>	<u>767,252</u>	<u>738,419</u>
Net OPEB obligation - end of year	<u>\$ 767,252</u>	<u>\$738,419</u>	<u>\$670,637</u>

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

8. Post-Retirement Benefits (continued)

Funded Status and Funding Progress (continued)

As of June 30, 2013, 2014 and 2015, the actuarial accrued liability for benefits was \$2,321,680 all of which was unfunded.

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

Actuarial Valuations

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the District and Plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2013, 2014 and 2015 actuarial valuations, the liabilities were computed using the entry age method and level dollar amortization over 30 years of which there are 28 years remaining. The actuarial assumptions include a 2.0% discount rate and an initial healthcare cost trend rate of 9% leveling off to 5% with 1% annual increments for health care and pharmacy benefits and 4% and 3% for dental and vision leveling off to 3%.

9. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2015 amounted to \$1,203,571 analyzed as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,203,571	
Special Revenue Fund		\$ 681,683
Capital Projects Fund		420,852
Food Service Enterprise Fund		101,036
	<u>\$ 1,203,571</u>	<u>\$ 1,203,571</u>

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

9. Interfund Receivables and Payables (continued)

The interfunds between the general fund and the special revenue and capital projects funds represent allocations of internally pooled cash from the general fund to liquidate a pooled cash deficit. The interfund with the general fund and the food service fund represents enterprise fund capital assets acquired by the general fund. All interfunds are expected to be liquidated within one year.

10. 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, could have an effect on the District's programs and activities.

11. 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, 2015 may be impaired. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA), in connection with its approved referendum projects. The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

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.

12. Risk Management

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

12. Risk Management (continued)

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, 2015 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, 2014 (latest available) is as follows:

Pooled Insurance
Program of New Jersey

Total Assets	<u>\$ 22,450,519</u>
Net Position	<u>\$ 6,847,812</u>
Total Revenue	<u>\$ 8,106,185</u>
Total Expense	<u>\$ 5,449,440</u>
Change in Net Position	<u>\$ 1,249,855</u>
Net Assets Distribution to Participating Members	<u>\$ 1,406,890</u>

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

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

12. Risk Management (continued)

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.

	Beginning Balance	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2014-2015	\$ 1,665,761		\$ 168,393	\$ 187,751	\$ 1,646,403
2013-2014	1,671,074	\$ 1,473	170,467	177,253	1,665,761
2012-2013	1,768,609	2,588	371,381	471,504	1,671,074

13. Transfers

The following presents a reconciliation of transfers during the 2015 fiscal year:

	In	Out
Debt Service Fund	\$ 50,052	
Capital Projects Fund		\$ 50,052
	<u>\$ 50,052</u>	<u>\$ 50,052</u>

The transfer from the capital projects fund to debt service fund represents board approval of monies to pay down debt obligations and interest earned.

14. 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:

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

14. Deferred Compensation Plans (continued)

403(b) Plan Administrators

ASP
 AXA Equitable
 Great West Insurance Company
 Lincoln Investments Planning
 Lincoln National Insurance Company
 Metropolitan Insurance Company
 Security Benefit/NEA Value Builder
 Travelers Insurance
 Sun America Mutual Funds

457 Plan Administrators

AXA Equitable
 Great West Insurance Company
 Lincoln Investments Planning
 Lincoln National Insurance Company
 Metropolitan Insurance Company
 Security Benefit/NEA Value Builder
 ASP

Roth 403(b) Plan Administrators

Lincoln Investments Planning

15. 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.

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning balance, July 1, 2014	\$	3,275,381
Transferred by:		
June 2015 Board resolution		714,890
Ending balance, June 30, 2015	\$	<u>3,990,271</u>

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

15. Capital Reserve Account (continued)

The balance in the capital reserve at June 30, 2015 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. Of the \$3,990,271 balance at June 30, 2015, \$2,400,000 has been appropriated in the 2015-2016 budget.

16. 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, 2015 was \$263,208.

17. 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 both the general fund and capital projects fund.

18. Commitments

The District has contractual commitments at June 30, 2015 to various vendors, for which \$721,395 is recorded in the general fund as fund balance assigned to other purposes.

Required Supplementary Information
Part II

Parsippany-Troy Hills School District

Required Supplementary Information

Schedule of Funding Progress

Post-Employment Healthcare Benefit Plan

Year ended June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial* Accrued Liability (AAL) Level Dollar (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Accrued Percentage of Covered Payroll (b-a)/c
June 30, 2013	-	\$2,321,680	\$2,321,680	0%	\$0**	0%
June 30, 2014	-	\$2,321,680	\$2,321,680	0%	\$0**	0%
June 30, 2015	-	\$2,321,680	\$2,321,680	0%	\$0**	0%

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

** Since there are no active employees of the District that are eligible to participate in the plan in fiscal year 2013, 2014 and 2015, as it relates solely to retirees and the enrollment period has expired, the covered payroll is \$0.

Parsippany-Troy Hills School District

Required Supplementary Information

Schedule of Funding Progress

Post-Employment Healthcare Benefit Plan

Year ended June 30, 2015

Fiscal Year Ended	Annual OPEB Cost
6/30/2013	\$ 176,513
6/30/2014	176,339
6/30/2015	176,867

Parsippany-Troy Hills School District
 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,
	2015
District's proportion of the net pension liability (asset) - Local Group	0.2189206180%
District's proportionate share of the net pension liability (asset)	\$ 40,987,927
District's covered-employee payroll	\$ 12,967,062
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	316.09%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	52.08%

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.

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

Last Ten Fiscal Years*

	Year Ended June 30, 2015
Contractually required contribution	\$ 1,898,568
Contributions in relation to the contractually required contribution	(1,898,568)
Contribution deficiency (excess)	\$ -
 District's covered-employee payroll	\$ 12,967,062
 Contributions as a percentage of covered-employee payroll	14.64%

* 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.

Parsippany-Troy Hills School District
 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
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.5599059555%
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
Total proportionate share of the net pension liability (asset) associated with the District	\$ 299,251,510
Plan fiduciary net position as a percentage of the total pension liability	33.64%

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.

Parsippany-Troy Hills School District

Notes to Required Supplementary Information
Year Ended June 30, 2015

1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014.

2. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014.

Required Supplementary Information
Part III

Budgetary Comparison Schedules

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Local tax levy	\$ 122,152,214		\$ 122,152,214	\$ 122,152,214	
Tuition from individuals	300,000		300,000	216,116	\$ (83,884)
Interest				641	641
Miscellaneous	1,801,168		1,801,168	105,326	(1,695,842)
Total revenues - local sources	124,253,382		124,253,382	122,474,297	(1,779,085)
State sources:					
Special education categorical aid	3,956,158		3,956,158	3,956,158	
Equalization aid	95,367		95,367	95,367	
Security aid	132,915		132,915	132,915	
Extraordinary aid	200,000		200,000	715,110	515,110
Transportation aid	295,061		295,061	295,061	
PARCC readiness aid	69,790		69,790	69,790	
Per pupil growth aid	69,790		69,790	69,790	
Additional adjustment aid	1		1	1	
Additional Nonpublic Transportation Aid				61,157	61,157
On-behalf TPAF noncontributory insurance (non-budgeted)				203,302	203,302
On-behalf TPAF post retirement benefit contributions (non-budgeted)				7,634,448	7,634,448
Reimbursed TPAF social security contributions (non-budgeted)				4,168,356	4,168,356
Total - state sources	4,819,082		4,819,082	17,401,455	12,582,373
Federal sources:					
Medicaid reimbursement	51,231		51,231	118,473	67,242
Total - Federal sources	51,231		51,231	118,473	67,242
Total revenues	129,123,695		129,123,695	139,994,225	10,870,530
Expenditures					
Current Expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool	1,017,748	(253,664)	764,084	760,663	3,421
Kindergarten	1,615,465	414,553	2,030,018	1,980,769	49,249
Grades 1-5	12,426,507	(402,151)	12,024,356	11,769,584	254,772
Grades 6-8	10,834,490	(550,758)	10,283,732	9,973,514	310,218
Grades 9-12	12,427,681	(540,532)	11,887,149	11,297,272	589,877
Home Instruction:					
Salaries of teachers	200,000		200,000	149,486	50,514
Undistributed Instruction:					
Other salaries for instruction	512,878	(369,978)	142,900	27,211	115,689
Purchased professional - educational services	30,800	2,771	33,571	23,477	10,094
Purchased technical services	2,465	2,465	4,930	4,930	
Other purchased services	217,061	(13,612)	203,449	149,634	53,815
General supplies	1,246,497	184,981	1,431,478	1,272,402	159,076
Textbooks	256,090	4,384	260,474	212,455	48,019
Other objects	196,715	(21,360)	175,355	81,462	93,893
Total instruction - regular programs	40,984,397	(1,542,901)	39,441,496	37,702,859	1,738,637
Special Education: Learning / Language Disabilities:					
Salaries of teachers	1,161,369	(9,457)	1,151,912	1,151,670	242
Other salaries for instruction	202,231	377,849	580,080	561,498	18,582
Purchased professional - educational services	1,000		1,000	446	554
Other purchased services	21,000		21,000	12,787	8,213
General supplies	40,150	2,012	42,162	35,843	6,319
Total learning/language disabilities	1,425,750	370,404	1,796,154	1,762,244	33,910
Special Education Instruction - Auditory Impairments:					
Salaries of teachers	87,485	1,087	88,572	88,572	
General supplies	3,500		3,500	3,056	444
Total auditory impairments	90,985	1,087	92,072	91,628	444

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Special Education - Behavioral Disabilities:					
Salaries of teachers	\$ 160,615	\$ 15,162	\$ 175,777	\$ 169,027	\$ 6,750
Other salaries for instruction		30,714	30,714	30,714	
General supplies	1,030		1,030	879	151
Total behavioral disabilities	161,645	45,876	207,521	200,620	6,901
Special Education - Multiple Disabilities:					
Salaries of teachers	720,441	278,861	999,302	999,302	
Other salaries for instruction	144,575	(87,530)	57,045	57,044	1
General supplies	7,265	303	7,568	6,218	1,350
Textbooks	2,800	(3)	2,797	1,164	1,633
Total multiple disabilities	875,081	191,631	1,066,712	1,063,728	2,984
Resource Room/Center:					
Salaries of teachers	6,196,379	(981,177)	5,215,202	5,114,512	100,690
General supplies	33,600	(835)	32,765	25,287	7,478
Total resource room/center	6,229,979	(982,012)	5,247,967	5,139,799	108,168
Special Education - Autism:					
Salaries of teachers	342,069	2,400	344,469	342,845	1,624
Other salaries for instruction	147,459	(28,903)	118,556	112,195	6,361
General supplies	2,860	(1)	2,859	2,644	215
Total autism	492,388	(26,504)	465,884	457,684	8,200
Special Education - Preschool Disabilities - Part Time:					
Salaries of teachers	63,055	(36,674)	26,381	26,381	
Other salaries of instruction	50,238	284,012	334,250	311,418	22,832
General supplies	6,435		6,435	6,371	64
Total preschool disabilities - part time	119,728	247,338	367,066	344,170	22,896
Total Special Education - Instruction					
	9,395,556	(152,180)	9,243,376	9,059,873	183,503
Basic Skills/Remedial Instruction:					
Salaries of teachers	2,129,985	(18,705)	2,111,280	2,099,100	12,180
Other salaries of instruction	135,000	(135,000)			
Total basic skills/remedial instruction	2,264,985	(153,705)	2,111,280	2,099,100	12,180
Bilingual Education - Instruction:					
Salaries of teachers	1,128,158	(63,012)	1,065,146	1,044,909	20,237
Other salaries for instruction	9,484	(1,726)	7,758	6,219	1,539
General supplies	2,406	(42)	2,364	2,107	257
Total bilingual education - instruction	1,140,048	(64,780)	1,075,268	1,053,235	22,033
Vocational Programs - Local - Instruction:					
Salaries of teachers	151,618	12,342	163,960	124,351	39,609
Other purchased services	1,750		1,750		1,750
General supplies	15,500	2,000	17,500	12,301	5,199
Total vocational programs - local- instruction	168,868	14,342	183,210	136,652	46,558
School-Sponsored Cocurricular Activities:					
Salaries	420,100	1,036	421,136	420,728	408
Purchased services	10,250		10,250	4,400	5,850
Supplies and materials	28,203	(7,880)	20,323	12,595	7,728
Other objects	91,100	53,530	144,630	110,846	33,784
Total school-sponsored cocurricular activities	549,653	46,686	596,339	548,569	47,770

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
School-Sponsored Athletics - Instruction:					
Salaries	\$ 1,108,879	\$ 152,450	\$ 1,261,329	\$ 1,194,192	\$ 67,137
Purchased services	122,700	(9,268)	113,432	75,005	38,427
Supplies and materials	158,000	3,277	161,277	158,182	3,095
Other objects	77,360	11,900	89,260	78,944	10,316
Transfers to cover deficit (Agency funds)	70,000	4,000	74,000	70,389	3,611
Total school-sponsored athletics - instruction	1,536,939	162,359	1,699,298	1,576,712	122,586
Total Instruction	56,040,446	(1,690,179)	54,350,267	52,177,000	2,173,267
Undistributed Instruction:					
Tuition to other LEAs within the state-special	1,415,793	(784,965)	630,828	227,965	402,863
Tuition to county voc. school dist.-regular	1,643,133	130,399	1,773,532	1,729,430	44,102
Tuition to county voc. school dist.-special	35,394	(14,938)	20,456	15,342	5,114
Tuition to CSSD and regional day schools	586,456	(70,768)	515,688	513,291	2,397
Tuition to private school for the disabled - within state	4,961,196	700,000	5,661,196	5,325,285	335,911
Tuition - other	97,000	(48,212)	48,788	16,940	31,848
Total undistributed instruction	8,738,972	(88,484)	8,650,488	7,828,253	822,235
Health Services:					
Salaries	1,522,066	(203,176)	1,318,890	1,318,890	
Purchased professional and technical services	6,000	76,399	82,399	82,399	
Other purchased services	5,000	(4,048)	952	952	
Supplies and materials	19,427	23,478	42,905	42,905	
Other objects	10,000	11,054	21,054	21,054	
Total health services	1,562,493	(96,293)	1,466,200	1,466,200	
Other Support Services-Speech, OT, PT & Related Services:					
Salaries	708,010	757,944	1,465,954	1,465,954	
Purchased professional - educational services	5,000	(750)	4,250	3,909	341
Supplies and materials	3,500	139	3,639	1,609	2,030
Total other support services-speech, OT, PT & related services	716,510	757,333	1,473,843	1,471,472	2,371

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed Expenditures (continued):					
Other support services - students - extra services:					
Salaries	\$ 2,572,890	\$ (330,086)	\$ 2,242,804	\$ 2,229,646	\$ 13,158
Purchased professional - educational services	1,355,600	(32,000)	1,323,600	1,108,275	215,325
Total other support services - students - extra services	3,928,490	(362,086)	3,566,404	3,337,921	228,483
Guidance:					
Salaries of other professional staff	2,833,744	35,577	2,869,321	2,869,320	1
Salaries of secretarial and clerical assistants	388,015	(56,794)	331,221	331,220	1
Purchased professional - educational services	10,700	3,900	14,600	14,570	30
Supplies and materials	5,240	460	5,700	4,744	956
Other objects	800		800	325	475
Total guidance	3,238,499	(16,857)	3,221,642	3,220,179	1,463
Child Study Teams:					
Salaries of other professional staff	2,830,474	(555,883)	2,274,591	2,274,590	1
Other purchased services	19,000	20,000	39,000	37,864	1,136
Miscellaneous purchased services	11,500	535	12,035	7,269	4,766
Supplies and materials	34,937	75,620	110,557	101,954	8,603
Other objects	2,500	(1,781)	719		719
Total child study teams	2,898,411	(461,509)	2,436,902	2,421,677	15,225
Improvement of Instructional Services:					
Salaries of supervisor of instruction	884,407	647,566	1,531,973	1,531,973	
Sal of secr and clerical assist.	317,075	144,291	461,366	459,947	1,419
Other purchased services	17,800	770	18,570	7,401	11,169
Supplies and materials	6,000	3,400	9,400	7,882	1,518
Other objects	54,900	2,000	56,900	39,437	17,463
Total improvement of instructional services	1,280,182	798,027	2,078,209	2,046,640	31,569
Educational Media Services/School Library:					
Salaries	1,507,348	(48,022)	1,459,326	1,459,316	10
Purchased professional and technical services	57,361	(302)	57,059	48,557	8,502
Other purchased services	773,288	(37,690)	735,598	553,649	181,949
Supplies and materials	207,990	14,515	222,505	217,187	5,318
Other objects	24,000	(447)	23,553	23,278	275
Total educational media services/school library	2,569,987	(71,946)	2,498,041	2,301,987	196,054

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2015

	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 supervisors of instruction	\$ 108,024	\$ (108,024)			
Salaries of other professional staff	59,523	(20,655)	\$ 38,868	\$ 38,868	
Salaries of secretarial and clerical assist.	35,231	(35,231)			
Other purchased services	5,500		5,500	818	\$ 4,682
Supplies and materials	5,500	5,453	10,953	10,808	145
Other objects	99,460		99,460	81,038	18,422
Total instructional staff training services	313,238	(158,457)	154,781	131,532	23,249
Support Services-General Administration:					
Salaries	288,700	50,357	339,057	337,771	1,286
Legal Services	200,000	34,280	234,280	217,647	16,633
Audit Fees	77,000	34,000	111,000	110,513	487
Communications / telephone	55,000	(8,475)	46,525	23,843	22,682
BOE other purchased services	17,300	2,030	19,330	8,790	10,540
Other purchased services	10,000		10,000	1,060	8,940
General supplies	6,000		6,000	3,266	2,734
BOE in-house training/meeting supplies	11,316	28,798	40,114	38,062	2,052
Judgements against the school district	184,114	(73,780)	110,334	14,243	96,091
Miscellaneous expenditures	19,000	2,000	21,000	10,313	10,687
BOE membership and dues	28,341		28,341	27,747	594
Total support services-general administration	896,771	69,210	965,981	793,255	172,726
Support Services-School Administration:					
Salaries of principals/ assistant principals	2,889,518	120,758	3,010,276	3,010,272	4
Salaries of other professional staff	242,875	(15,254)	227,621	149,437	78,184
Salaries of secretarial and clerical assistants	1,387,610	(72,646)	1,314,964	1,310,909	4,055
Other salaries	77,666		77,666	42,681	34,985
Other purchased services	74,250	(2,901)	71,349	19,067	52,282
Supplies and materials	39,230	74,897	114,127	89,639	24,488
Total support services-school administration	4,711,149	104,854	4,816,003	4,622,005	193,998
Support Services - Central Services:					
Salaries	1,410,827	765	1,411,592	1,410,498	1,094
Purchased professional services	34,500	69,956	104,456	95,701	8,755
Purchased technical services	20,000	(4,000)	16,000	6,632	9,368
Miscellaneous purchased services	82,800	19,556	102,356	92,580	9,776
Supplies and materials	45,000	(7,242)	37,758	37,465	293
Interest on lease purchase agreements	97,449	(37,441)	60,008	59,267	741
Miscellaneous expenditures	12,550	281	12,831	12,165	666
Total support services-central services	1,703,126	41,875	1,745,001	1,714,308	30,693
Support Services - Administration Information Technology:					
Salaries	416,969	464,196	881,165	879,048	2,117
Purchased technical services	30,600	14,470	45,070	44,570	500
Other purchased services	365,425	252,963	618,388	567,550	50,838
Supplies and materials	32,700		32,700	5,677	27,023
Other objects	12,780		12,780	8,243	4,537
Total support services-administration information technology	858,474	731,629	1,590,103	1,505,088	85,015
Required Maintenance for School Facilities:					
Salaries	1,478,566	(42,710)	1,435,856	1,427,527	8,329
Cleaning, repair and maintenance services	628,982	130,052	759,034	748,315	10,719
General supplies	523,630	(41,446)	482,184	459,910	22,274
Other objects	25,500	14,693	40,193	34,249	5,944
Total required maintenance for school facilities	2,656,678	60,589	2,717,267	2,670,001	47,266

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Custodial Services:					
Salaries	\$ 4,136,608	\$ 219,847	\$ 4,356,455	\$ 4,353,981	\$ 2,474
Purchased professional and technical services	5,000	(2,600)	2,400	2,179	221
Cleaning, repair and maintenance services	15,300	(3,470)	11,830	10,413	1,417
Insurance	587,122	84,383	671,505	670,731	774
Miscellaneous purchased services	300,000	(4,550)	295,450	271,345	24,105
General supplies	283,500	110,620	394,120	393,483	637
Energy (electricity, oil and gas)	2,675,000	(479,459)	2,195,541	1,944,993	250,548
Total custodial services	8,002,530	(75,229)	7,927,301	7,647,125	280,176
Security:					
Salaries	155,881	63,363	219,244	219,244	
Purchased professional and technical services		100,000	100,000	100,000	
Total security	155,881	163,363	319,244	319,244	
Total operation of plant	10,815,089	148,723	10,963,812	10,636,370	327,442
Total Undist. Expenditures	44,231,391	1,396,019	45,627,410	43,496,887	2,130,523
Student Transportation Services:					
Salaries of non-instructional aides	332,000	2,823	334,823	334,823	
Salaries for pupil transportation:					
Between home and school - regular	206,905	24,444	231,349	231,349	
Between home and school - special	551,281	51,242	602,523	602,523	
Other purchased professional and technical services	9,900	(4,664)	5,236	5,236	
Cleaning repair and maintenance services	200,000	36,140	236,140	207,061	29,079
Contr serv (bet. Home & Sch) - vendors	2,411,401	76,422	2,487,823	2,487,823	
Contr serv (oth than bet. Home & Sch) - vendors	144,146	29,242	173,388	146,526	26,862
Contr serv (bet. Home & Sch) - joint agrmnts	263,000	47,800	310,800	310,685	115
Contract. Serv. (reg. students) - ESCs & CTSAAs	13,794	(5,718)	8,076	8,076	
Contract. Serv. (spl. Ed. Students) - ECSs & CTSAAs	2,076,460	56,591	2,133,051	2,133,051	
Contract. Serv. - aid in lieu pymts -non pub sch	372,186	(39,664)	332,522	329,032	3,490
Miscellaneous purchased services-transportation	40,000	(40,000)			
General supplies	15,218	1,466	16,684	16,456	228
Other objects	8,900	924	9,824	9,824	
Total student transportation services	6,645,191	237,048	6,882,239	6,822,465	59,774

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule

(Budgetary Basis)

Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Unallocated Benefits - Employee Benefits:					
Social security contributions	\$ 1,754,400	\$ (45,431)	\$ 1,708,969	\$ 1,682,158	\$ 26,811
Other retirement contributions - PERS	1,795,447	9,303	1,804,750	1,804,750	
Other retirement contributions - regular	20,000	61,074	81,074	81,074	
Workers' compensation	575,831	(233,561)	342,270	342,180	90
Health benefits	16,580,000	(1,175,199)	15,404,801	14,187,185	1,217,616
Tuition reimbursement	222,000	2,903	224,903	206,791	18,112
Other employee benefits	575,850	463,000	1,038,850	1,020,210	18,640
Total unallocated benefits	21,523,528	(917,911)	20,605,617	19,324,348	1,281,269
On-Behalf Contributions					
On-behalf TPAF Noncontributory Insurance (non-budgeted)				203,302	(203,302)
On-behalf TPAF Post Retirement Benefit Contributions (non-budgeted)				7,634,448	(7,634,448)
Reimbursed TPAF social security contributions (non-budgeted)				4,168,356	(4,168,356)
Total on-behalf contributions				12,006,106	(12,006,106)
Total Personal Services - Employee Benefits	21,523,528	(917,911)	20,605,617	31,330,454	(10,724,837)
Equipment:					
Grades 9-12	40,000	193,368	233,368	233,368	
Undistributed expenditures - support services - students - regular		88,764	88,764	88,763	1
Required maintenance		470,535	470,535	410,498	60,037
Undistributed expenditures - School buses - special	40,000	(40,000)			
Total equipment	80,000	712,667	792,667	732,629	60,038
Facilities Acquisition and Construction Services:					
Other purchased professional and technical services	200,000	277,910	477,910	343,225	134,685
Construction services	3,075,000	748,835	3,823,835	3,229,789	594,046
Non-budgeted - capital leases				1,543,756	(1,543,756)
Lease purchase agreements - principal	1,298,386	203,179	1,501,565	1,501,565	
Other objects - debt service assessment	46,633		46,633	46,633	
Total facilities and construction services	4,620,019	1,229,924	5,849,943	6,664,968	(815,025)
Total Expenditures - Capital Outlay	4,700,019	1,942,591	6,642,610	7,397,597	(754,987)

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Adult Education - Local - Instruction:					
Salaries of teachers	\$ 591,522		\$ 591,522		\$ 591,522
Other salaries for instruction	746,355		746,355		746,355
Purchased professional & technical services	68,200		68,200		68,200
General supplies	253,135	\$ 2,096	255,231	\$ 1,666	253,565
Other objects	36,500		36,500		36,500
Total adult education -local-instruction	1,695,712	2,096	1,697,808	1,666	1,696,142
Adult Education - Local - Support Services:					
Salaries	274,017		274,017		274,017
Personal services - employee benefits	250,300		250,300		250,300
Purchased professional & technical services	7,500		7,500		7,500
Othe purchased services	81,762		81,762		81,762
Supplies and materials	3,000		3,000		3,000
Total adult education-local-support serv.	616,579		616,579		616,579
Total Adult Education - Local	2,312,291	2,096	2,314,387	1,666	2,312,721
Transfer of funds to charter schools	340,000	3,519	343,519	343,519	
Total Expenditures	135,792,866	973,183	136,766,049	141,569,588	(4,803,539)
(Deficiency) of revenues (under) expenditures	(6,669,171)	(973,183)	(7,642,354)	(1,575,363)	(6,066,991)
Other financing sources:					
Assets acquired under capital lease (non-budgeted)				1,543,756	1,543,756
Total other financing sources				1,543,756	1,543,756
(Deficiency) excess of revenues (under) over expenditures and other financing sources	(6,669,171)	(973,183)	(7,642,354)	(31,607)	7,610,747
Fund balances, July 1	16,538,908		16,538,908	16,538,908	
Fund balances, June 30	\$ 9,869,737	\$ (973,183)	\$ 8,896,554	\$ 16,507,301	\$ 7,610,747
Recapitulation of (deficiency) excess of revenues (under) over expenditures					
Budgeted fund balance	\$ (5,899,171)		\$ (5,899,171)	\$ 941,576	\$ 6,840,747
Net (decrease) increase in capital reserve	(770,000)		(770,000)		770,000
Adjustment for prior year encumbrances		\$ (973,183)	(973,183)	(973,183)	
Total	\$ (6,669,171)	\$ (973,183)	\$ (7,642,354)	\$ (31,607)	\$ 7,610,747
Recapitulation of fund balance:					
Capital reserve account - restricted				\$ 1,590,271	
Emergency reserve account - restricted				263,208	
Capital reserve designated for subsequent years- restricted				2,400,000	
Excess surplus - current year - restricted				2,974,649	
Excess surplus designated for subsequent years - restricted				2,936,531	
Designated for subsequent year's expenditures - assigned				2,475,577	
Designated for subsequent year's expenditures - ARRA SEMI				9,008	
Year end encumbrances - assigned				721,395	
Unassigned				3,136,662	
				16,507,301	
Reconciliation to Government Funds statements (GAAP):					
Last state aid payments not recognized on GAAP basis				(451,578)	
Fund balance per Governmental Funds (GAAP)				\$ 16,055,723	

Parsippany-Troy Hills School District
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
State sources	\$ 170,000	\$ 22,214	\$ 192,214	\$ 169,584	\$ (22,630)
Federal sources	1,741,299	740,885	2,482,184	1,990,257	(491,927)
Local sources		39,295	39,295	38,555	(740)
Total revenues	1,911,299	802,394	2,713,693	2,198,396	(515,297)
Expenditures:					
Instruction:					
Salaries of teachers	1,758,530	(1,415,805)	342,725	250,193	92,532
Other Salaries for Instruction		254,183	254,183	228,366	25,817
Purchased Professional & Technical Services	40,000	60,179	100,179	73,571	26,608
Other purchased services		9,000	9,000	9,000	
Tuition	47,769	1,051,344	1,099,113	1,099,113	
General supplies	25,000	104,760	129,760	87,155	42,605
Textbooks		31,280	31,280	24,021	7,259
Other Objects		7,000	7,000		7,000
Total instruction	1,871,299	101,941	1,973,240	1,771,419	201,821
Undistributed:					
Support services:					
Salaries of Supervisors of Instruction		13,199	13,199		13,199
Salaries of other professional staff		101,000	101,000	24,075	76,925
Personal services—employee benefits		28,860	28,860		28,860
Purchased professional educational services		329,890	329,890	244,794	85,096
Other purchased professional services	40,000	(40,000)			
Other purchased services		264,568	264,568	155,172	109,396
Supplies and materials		2,925	2,925	2,925	
Other objects		11	11	11	
Total support services	40,000	700,453	740,453	426,977	313,476
Total expenditures	1,911,299	802,394	2,713,693	2,198,396	515,297
Excess of revenues over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Parsippany-Troy Hills School District
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2015

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 139,994,225	\$ 2,198,396
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		4,264
Current year		(11,420)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	431,763	
Current year	(451,578)	
<hr/>		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u>\$ 139,974,410</u>	<u>\$ 2,191,240</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 141,569,588	\$ 2,198,396
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		4,264
Current year		(11,420)
<hr/>		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 141,569,588</u>	<u>\$ 2,191,240</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, 2015

	Nonpublic Aid				Auxiliary Services Compensatory Education
	Local Grants	Corrective Speech	Examination & Classification	Supplementary Instruction	
Revenues:					
State sources		\$ 11,662	\$ 30,284	\$ 14,674	\$ 37,713
Federal sources					
Local sources	\$ 38,555				
Total revenues	\$ 38,555	\$ 11,662	\$ 30,284	\$ 14,674	\$ 37,713
Expenditures:					
Instruction:					
Salaries of teachers	\$ 1,000				
Other Salaries for Instruction					
Purchased professional & technical services	662	\$ 11,662	\$ 5,087	\$ 14,674	\$ 37,713
Other purchased services	9,000				
Tuition					
General supplies	23,826				
Textbooks					
Total instruction	34,488	11,662	5,087	14,674	37,713
Undistributed:					
Support services:					
Salaries of other professional staff					
Purchased professional educational services			25,197		
Other purchased services	1,131				
Supplies and materials	2,925				
Miscellaneous	11				
Total support services	4,067		25,197		
Total expenditures	\$ 38,555	\$ 11,662	\$ 30,284	\$ 14,674	\$ 37,713

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2015

	Nonpublic Aid			Title I, Part A	
	Nursing Aid	Technology Aid	Textbook Aid	Current	Carryover
Revenues:					
State sources	\$ 34,430	\$ 16,800	\$ 24,021	\$ 145,919	\$ 78,122
Federal sources					
Local sources					
Total revenues	<u>\$ 34,430</u>	<u>\$ 16,800</u>	<u>\$ 24,021</u>	<u>\$ 145,919</u>	<u>\$ 78,122</u>
Expenditures:					
Instruction:					
Salaries of teachers				\$ 125,298	\$ 78,122
Other Salaries for Instruction					
Purchased professional & technical services					
Other purchased services					
Tuition					
General supplies		\$ 16,800		20,621	
Textbooks			\$ 24,021		
Total instruction		<u>16,800</u>	<u>24,021</u>	<u>145,919</u>	<u>78,122</u>
Undistributed:					
Support services:					
Salaries of other professional staff					
Purchased professional educational services	\$ 34,430				
Other purchased services					
Supplies and materials					
Miscellaneous					
Total support services	<u>34,430</u>				
Total expenditures	<u>\$ 34,430</u>	<u>\$ 16,800</u>	<u>\$ 24,021</u>	<u>\$ 145,919</u>	<u>\$ 78,122</u>

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2015

	Title II, Part A		Title III	
	Current	Carryover	Current	Carryover
Revenues:				
State sources				
Federal sources	\$ 19,893	\$ 60,324	\$ 17,726	\$ 77,638
Local sources				
Total revenues	<u>\$ 19,893</u>	<u>\$ 60,324</u>	<u>\$ 17,726</u>	<u>\$ 77,638</u>
Expenditures:				
Instruction:				
Salaries of teachers				\$ 45,773
Other Salaries for Instruction				
Purchased professional & technical services				3,773
Other purchased services				
Tuition				
General supplies			\$ 17,726	8,182
Textbooks				
Total instruction			<u>17,726</u>	<u>57,728</u>
Undistributed:				
Support services:				
Salaries of other professional staff				
Purchased professional educational services				1,948
Other purchased services	\$ 19,893	\$ 60,324		17,962
Supplies and materials				
Miscellaneous				
Total support services	<u>19,893</u>	<u>60,324</u>		<u>19,910</u>
Total expenditures	<u>\$ 19,893</u>	<u>\$ 60,324</u>	<u>\$ 17,726</u>	<u>\$ 77,638</u>

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2015

	<u>I.D.E.A.</u>		
	<u>Part B</u>		
	<u>Basic</u>	<u>Preschool</u>	<u>Total</u>
	<u>Current</u>		
Revenues:			
State sources			\$ 169,584
Federal sources	\$ 1,534,485	\$ 56,150	1,990,257
Local sources			38,555
Total revenues	<u>\$ 1,534,485</u>	<u>\$ 56,150</u>	<u>\$ 2,198,396</u>
Expenditures:			
Instruction:			
Salaries of teachers			\$ 250,193
Other Salaries for Instruction	\$ 228,366		228,366
Purchased professional & technical services			73,571
Other purchased services			9,000
Tuition	1,042,963	\$ 56,150	1,099,113
General supplies			87,155
Textbooks			24,021
Total instruction	<u>1,271,329</u>	<u>56,150</u>	<u>1,771,419</u>
Undistributed:			
Support services:			
Salaries of other professional staff	24,075		24,075
Purchased professional educational services	183,219		244,794
Other purchased services	55,862		155,172
Supplies and materials			2,925
Miscellaneous			11
Total support services	<u>263,156</u>		<u>426,977</u>
Total expenditures	<u>\$ 1,534,485</u>	<u>\$ 56,150</u>	<u>\$ 2,198,396</u>

Capital Projects Fund

Parsippany-Troy Hills School District
Capital Projects Fund

Summary Schedule of Project Revenues, Expenditures, and
Changes in Fund Balance

(Budgetary Basis)

Year ended June 30, 2015

	Current Year
Revenues and other financing sources	
Bond proceeds	
State sources - SDA	
Proceeds from capital lease	
Transfer from capital reserve	
Transfer from capital outlay	
Interest earned	\$ 52
Total revenues and other financing sources	52
Expenditures and other financing uses	
Purchased professional and technical services	
Construction services	9,288,878
Contingency	
Other Objects	
Transfer to Debt Service Fund	50,052
Transfer to Capital Reserve	
Total expenditures and other financing uses	9,338,930
Deficiency of revenues (under) over expenditures and other financing uses	(9,338,878)
Fund Balance, July 1	12,565,912
Fund Balance, June 30	\$ 3,227,034
 Reconciliation to Fund Financial Statements:	
Fund balance, June 30, 2015 - budgetary- basis	\$ 3,227,034
GAAP Basis Revenues not recognized	(117,535)
Fund balance, June 30, 2015 - GAAP Basis	\$ 3,109,499

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, 2015

	<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 Debt Service Fund	1,825,000	\$ 50,000	1,875,000	825,000
Total expenditures and other financing uses	<u>47,579,334</u>	<u>50,000</u>	<u>47,629,334</u>	<u>47,633,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 53,666</u>	<u>\$ (50,000)</u>	<u>\$ 3,666</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	9/2005			
Bond Authorized	\$ 47,633,000			
Bonds Issued	47,633,000			
Original Authorized Cost	<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, 2015

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

Parsippany-Troy Hills School District
Capital Projects Fund

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

Mt. Tabor Elementary School Window and Door Replacement

From Inception and for the year ended June 30, 2015

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

Parsippany-Troy Hills School District
Capital Projects Fund

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

Parsippany High School Partial Roof Replacement

From Inception and for the year ended June 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA				
Proceeds from capital lease				
Transfer from capital reserve	\$ 108,300		\$ 108,300	\$ 108,300
Transfer from capital outlay				
Total revenues and other financing sources	<u>108,300</u>		<u>108,300</u>	<u>108,300</u>
Purchased professional and technical services				
Purchased professional and technical services				
Construction services	78,332		78,332	108,300
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>78,332</u>		<u>78,332</u>	<u>108,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 29,968</u>	<u>\$ -</u>	<u>\$ 29,968</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization	N/A
Original Authorized Cost	\$ 108,300
Reduced Authorization - SDA Grant	-
Reduced Authorization - Capital Reserve	-
Revised Authorized Cost	<u>\$ 108,300</u>
Percentage Increase over Original Authorized	0%
Percentage Completion	100%
Original Target Completion Date	12/2011
Revised Target Completion Date	Completed

Parsippany-Troy Hills School District
Capital Projects Fund

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

Parsippany High School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2015

	<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	\$ 51,608		\$ 51,608	\$ 51,608
Proceeds from capital lease				
Transfer from capital reserve	77,412		77,412	77,412
Transfer from capital outlay				
Total revenues and other financing sources	<u>129,020</u>		<u>129,020</u>	<u>129,020</u>
Purchased professional and technical services				
Purchased professional and technical services				
Construction services	98,037	\$ 23,097	121,134	129,020
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>98,037</u>	<u>23,097</u>	<u>121,134</u>	<u>129,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 30,983</u>	<u>\$ (23,097)</u>	<u>\$ 7,886</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-050-14-G2HH			
Grant Date	8/28/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 129,020			
Reduced Authorization - SDA Grant	-			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 129,020</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/15/2014			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

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

Parsippany Hills High School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 81,360		\$ 81,360	\$ 81,360
Proceeds from capital lease				
Transfer from capital reserve				
Transfer from capital outlay	122,040		122,040	122,040
Total revenues and other financing sources	<u>203,400</u>		<u>203,400</u>	<u>203,400</u>
Purchased professional and technical services				
Purchased professional and technical services	162,064	\$ 38,928	200,992	203,400
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>162,064</u>	<u>38,928</u>	<u>200,992</u>	<u>203,400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 41,336</u>	<u>\$ (38,928)</u>	<u>\$ 2,408</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3950-053-14-G2HI
Grant Date	8/28/2014
Bond Authorization	N/A
Original Authorized Cost	\$ 203,400
Reduced Authorization - SDA Grant	-
Reduced Authorization - Capital Reserve	-
Revised Authorized Cost	<u>\$ 203,400</u>
Percentage Increase over Original Authorized	0%
Percentage Completion	100%
Original Target Completion Date	12/15/2014
Revised Target Completion Date	Completed

Parsippany-Troy Hills School District
Capital Projects Fund

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

Brooklawn Middle School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2015

	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>
Purchased professional and technical services				
Purchased professional and technical services				
Construction services	45,054	\$ 33,880	78,934	84,020
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>45,054</u>	<u>33,880</u>	<u>78,934</u>	<u>84,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 38,966</u>	<u>\$ (33,880)</u>	<u>\$ 5,086</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-055-14-G2HJ			
Grant Date	8/28/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 84,020			
Reduced Authorization - SDA Grant	-			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 84,020</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/15/2014			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

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

Central Middle School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2015

	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>
Purchased professional and technical services				
Purchased professional and technical services	59,509	\$ 24,511	84,020	84,020
Construction services				
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>59,509</u>	<u>24,511</u>	<u>84,020</u>	<u>84,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 24,511</u>	<u>\$ (24,511)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-060-14-G2HK			
Grant Date	8/28/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 84,020			
Reduced Authorization - SDA Grant	-			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 84,020</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/15/2014			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

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

East Lake Elementary School Fire Alarm System Upgrades, Roof Replacement

From Inception and for the year ended June 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 416,410		\$ 416,410	\$ 416,410
Proceeds from capital lease				
Transfer from capital reserve				
Transfer from capital outlay	624,615		624,615	624,615
Total revenues and other financing sources	<u>1,041,025</u>		<u>1,041,025</u>	<u>1,041,025</u>
Purchased professional and technical services				
Purchased professional and technical services	477,287	\$ 354,470	831,757	1,041,025
Construction services				
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>477,287</u>	<u>354,470</u>	<u>831,757</u>	<u>1,041,025</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 563,738</u>	<u>\$ (354,470)</u>	<u>\$ 209,268</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3950-062-14-G2HL
Grant Date	8/28/2014
Bond Authorization	N/A
Original Authorized Cost	\$ 1,041,025
Reduced Authorization - SDA Grant	-
Reduced Authorization - Capital Reserve	-
Revised Authorized Cost	<u>\$ 1,041,025</u>
Percentage Increase over Original Authorized	0%
Percentage Completion	100%
Original Target Completion Date	12/15/2014
Revised Target Completion Date	Completed

Parsippany-Troy Hills School District
Capital Projects Fund

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

Knollwood Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 18,548		\$ 18,548	\$ 18,548
Proceeds from capital lease				
Transfer from capital reserve	27,822		27,822	27,822
Transfer from capital outlay				
Total revenues and other financing sources	<u>46,370</u>		<u>46,370</u>	<u>46,370</u>
Purchased professional and technical services				
Purchased professional and technical services				
Construction services	3,132	\$ 34,452	37,584	46,370
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>3,132</u>	<u>34,452</u>	<u>37,584</u>	<u>46,370</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 43,238</u>	<u>\$ (34,452)</u>	<u>\$ 8,786</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3950-065-14-G2HM
Grant Date	8/28/2014
Bond Authorization	N/A
Original Authorized Cost	\$ 46,370
Reduced Authorization - SDA Grant	-
Reduced Authorization - Capital Reserve	-
Revised Authorized Cost	<u>\$ 46,370</u>
Percentage Increase over Original Authorized	0%
Percentage Completion	100%
Original Target Completion Date	12/15/2014
Revised Target Completion Date	Completed

Parsippany-Troy Hills School District
Capital Projects Fund

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

Lake Parsippany Elementary School Partial Roof Replacement

From Inception and for the year ended June 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 98,639		\$ 98,639	\$ 98,639
Proceeds from capital lease				
Transfer from capital reserve				
Transfer from capital outlay	147,959		147,959	147,959
Total revenues and other financing sources	<u>246,598</u>		<u>246,598</u>	<u>246,598</u>
Purchased professional and technical services				
Purchased professional and technical services	44,401	\$ 199,924	244,325	246,598
Construction services				
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>44,401</u>	<u>199,924</u>	<u>244,325</u>	<u>246,598</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 202,197</u>	<u>\$ (199,924)</u>	<u>\$ 2,273</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3950-080-13-G2HN
Grant Date	8/29/2014
Bond Authorization	N/A
Original Authorized Cost	\$ 246,598
Reduced Authorization - SDA Grant	-
Reduced Authorization - Capital Reserve	-
Revised Authorized Cost	<u>\$ 246,598</u>
Percentage Increase over Original Authorized	0%
Percentage Completion	100%
Original Target Completion Date	12/15/2014
Revised Target Completion Date	Completed

Parsippany-Troy Hills School District
Capital Projects Fund

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

Lake Parsippany Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 22,008		\$ 22,008	\$ 22,008
Proceeds from capital lease				
Transfer from capital reserve	27,149		27,149	27,149
Transfer from capital outlay	5,863		5,863	5,863
Total revenues and other financing sources	<u>55,020</u>		<u>55,020</u>	<u>55,020</u>
Purchased professional and technical services				
Purchased professional and technical services				
Construction services	3,869	\$ 42,648	46,517	55,020
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>3,869</u>	<u>42,648</u>	<u>46,517</u>	<u>55,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 51,151</u>	<u>\$ (42,648)</u>	<u>\$ 8,503</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-080-14-G2HO			
Grant Date	8/29/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 55,020			
Reduced Authorization - SDA Grant	-			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 55,020</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/15/2014			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

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

Littleton Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 15,360		\$ 15,360	\$ 15,360
Proceeds from capital lease				
Transfer from capital reserve	23,040		23,040	23,040
Transfer from capital outlay				
Total revenues and other financing sources	<u>38,400</u>		<u>38,400</u>	<u>38,400</u>
Purchased professional and technical services				
Purchased professional and technical services				
Construction services	22,369	\$ 7,630	29,999	38,400
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>22,369</u>	<u>7,630</u>	<u>29,999</u>	<u>38,400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 16,031</u>	<u>\$ (7,630)</u>	<u>\$ 8,401</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3950-090-14-G2HP
Grant Date	8/29/2014
Bond Authorization	N/A
Original Authorized Cost	\$ 38,400
Reduced Authorization - SDA Grant	-
Reduced Authorization - Capital Reserve	-
Revised Authorized Cost	<u>\$ 38,400</u>
Percentage Increase over Original Authorized	0%
Percentage Completion	100%
Original Target Completion Date	12/15/2014
Revised Target Completion Date	Completed

Parsippany-Troy Hills School District
Capital Projects Fund

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

Mount Tabor Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2015

	<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	\$ 15,030		\$ 15,030	\$ 15,030
Proceeds from capital lease				
Transfer from capital reserve	22,545		22,545	22,545
Transfer from capital outlay				
Total revenues and other financing sources	<u>37,575</u>		<u>37,575</u>	<u>37,575</u>
Purchased professional and technical services				
Purchased professional and technical services				
Construction services	2,382	\$ 32,146	34,528	37,575
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>2,382</u>	<u>32,146</u>	<u>34,528</u>	<u>37,575</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 35,193</u>	<u>\$ (32,146)</u>	<u>\$ 3,047</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-100-14-G2HQ			
Grant Date	8/29/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 37,575			
Reduced Authorization - SDA Grant	-			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 37,575</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/15/2014			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

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

Rockaway Meadow Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 17,120		\$ 17,120	\$ 17,120
Proceeds from capital lease				
Transfer from capital reserve	25,680		25,680	25,680
Transfer from capital outlay				
Total revenues and other financing sources	<u>42,800</u>		<u>42,800</u>	<u>42,800</u>
Purchased professional and technical services				
Purchased professional and technical services				
Construction services	24,996	\$ 9,672	34,668	42,800
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>24,996</u>	<u>9,672</u>	<u>34,668</u>	<u>42,800</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 17,804</u>	<u>\$ (9,672)</u>	<u>\$ 8,132</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3950-107-14-G2HR
Grant Date	8/29/2014
Bond Authorization	N/A
Original Authorized Cost	\$ 42,800
Reduced Authorization - SDA Grant	-
Reduced Authorization - Capital Reserve	-
Revised Authorized Cost	<u>\$ 42,800</u>
Percentage Increase over Original Authorized	0%
Percentage Completion	100%
Original Target Completion Date	12/15/2014
Revised Target Completion Date	Completed

Parsippany-Troy Hills School District
Capital Projects Fund

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

Troy Hills Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 18,200		\$ 18,200	\$ 18,200
Proceeds from capital lease				
Transfer from capital reserve	27,300		27,300	27,300
Transfer from capital outlay				
Total revenues and other financing sources	<u>45,500</u>		<u>45,500</u>	<u>45,500</u>
Purchased professional and technical services				
Purchased professional and technical services				
Construction services	27,925	\$ 8,404	36,329	45,500
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>27,925</u>	<u>8,404</u>	<u>36,329</u>	<u>45,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 17,575</u>	<u>\$ (8,404)</u>	<u>\$ 9,171</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3950-120-14-G2HS
Grant Date	8/29/2014
Bond Authorization	N/A
Original Authorized Cost	\$ 45,500
Reduced Authorization - SDA Grant	-
Reduced Authorization - Capital Reserve	-
Revised Authorized Cost	<u>\$ 45,500</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, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 14,652		\$ 14,652	\$ 14,652
Proceeds from capital lease				
Transfer from capital reserve	21,978		21,978	21,978
Transfer from capital outlay				
Total revenues and other financing sources	<u>36,630</u>		<u>36,630</u>	<u>36,630</u>
Purchased professional and technical services				
Purchased professional and technical services				
Construction services	20,686	\$ 9,605	30,291	36,630
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>20,686</u>	<u>9,605</u>	<u>30,291</u>	<u>36,630</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 15,944</u>	<u>\$ (9,605)</u>	<u>\$ 6,339</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	-
Reduced Authorization - Capital Reserve	-
Revised Authorized Cost	<u>\$ 36,630</u>
Percentage Increase over Original Authorized	0%
Percentage Completion	83%
Original Target Completion Date	12/15/2014
Revised Target Completion Date	9/1/2015

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, 2015

	<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	\$ 15,708		\$ 15,708	\$ 15,708
Proceeds from capital lease				
Transfer from capital reserve	23,562		23,562	23,562
Transfer from capital outlay				
Total revenues and other financing sources	<u>39,270</u>		<u>39,270</u>	<u>39,270</u>
Purchased professional and technical services				
Purchased professional and technical services				
Construction services	23,274	\$ 6,360	29,634	39,270
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>23,274</u>	<u>6,360</u>	<u>29,634</u>	<u>39,270</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 15,996</u>	<u>\$ (6,360)</u>	<u>\$ 9,636</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-103-14-G2XJ			
Grant Date	8/29/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 39,270			
Reduced Authorization - SDA Grant	-			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 39,270</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	75%			
Original Target Completion Date	12/15/2014			
Revised Target Completion Date	9/1/2015			

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, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 22,720		\$ 22,720	\$ 22,720
Proceeds from capital lease				
Transfer from capital reserve	34,080		34,080	34,080
Transfer from capital outlay				
Total revenues and other financing sources	<u>56,800</u>		<u>56,800</u>	<u>56,800</u>
Purchased professional and technical services				
Purchased professional and technical services				
Construction services	4,021	\$ 45,130	49,151	56,800
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>4,021</u>	<u>45,130</u>	<u>49,151</u>	<u>56,800</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 52,779</u>	<u>\$ (45,130)</u>	<u>\$ 7,649</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3950-070-14-G2ZS
Grant Date	8/29/2014
Bond Authorization	N/A
Original Authorized Cost	\$ 56,800
Reduced Authorization - SDA Grant	-
Reduced Authorization - Capital Reserve	-
Revised Authorized Cost	<u>\$ 56,800</u>
Percentage Increase over Original Authorized	0%
Percentage Completion	87%
Original Target Completion Date	12/15/2014
Revised Target Completion Date	9/1/2015

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, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA				
Proceeds from capital lease	\$ 14,200,000		\$ 14,200,000	\$ 14,200,000
Transfer from capital reserve				
Transfer from capital outlay				
Total revenues and other financing sources	<u>14,200,000</u>		<u>14,200,000</u>	<u>14,200,000</u>
Purchased professional and technical services				
Purchased professional and technical services	59,667		59,667	59,667
Construction services	3,279,601	\$ 8,032,425	11,312,026	14,085,333
Contingency				
Other Objects	55,000		55,000	55,000
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>3,394,268</u>	<u>8,032,425</u>	<u>11,426,693</u>	<u>14,200,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 10,805,732</u>	<u>\$ (8,032,425)</u>	<u>\$ 2,773,307</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		80%		
Original Target Completion Date		6/30/2015		
Revised Target Completion Date		6/30/2016		

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, 2015

	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>
Purchased professional and technical services				
Purchased professional and technical services				
Construction services	914,404	\$ 385,596	1,300,000	1,300,000
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>914,404</u>	<u>385,596</u>	<u>1,300,000</u>	<u>1,300,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 385,596</u>	<u>\$ (385,596)</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, 2015

	<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	\$ 373,234	\$ 3,015,244	\$ 3,388,478	\$ 1,668,236	\$ 62,032	\$ 1,730,268
Total assets	<u>\$ 373,234</u>	<u>\$ 3,015,244</u>	<u>\$ 3,388,478</u>	<u>1,668,236</u>	<u>62,032</u>	<u>1,730,268</u>
Liabilities						
Accounts payable				21,833		21,833
Due to student groups	\$ 373,234		\$ 373,234			
Payroll deductions and withholdings payable		\$ 739,272	739,272			
Summer escrow payable		<u>2,275,972</u>	<u>2,275,972</u>			
Total liabilities	<u>\$ 373,234</u>	<u>\$ 3,015,244</u>	<u>\$ 3,388,478</u>	<u>21,833</u>		<u>21,833</u>
Net position						
Held in trust for:						
Unemployment compensation claims				1,646,403		1,646,403
Scholarships					<u>62,032</u>	<u>62,032</u>
Total net position				<u>\$ 1,646,403</u>	<u>\$ 62,032</u>	<u>\$ 1,708,435</u>

Parsippany-Troy Hills School District
Trust Funds

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2015

	Unemployment Compensation Trust Fund	Private Purpose Scholarship Trust Fund	Total Trust Funds
Additions:			
Contributions:			
Employee contributions	\$ 168,393		\$ 168,393
Donations		\$ 34,874	34,874
Total additions	<u>168,393</u>	<u>34,874</u>	<u>203,267</u>
Deductions:			
Unemployment compensation	187,751		187,751
Scholarships awarded		21,520	21,520
Total deductions	<u>187,751</u>	<u>21,520</u>	<u>209,271</u>
Change in net position	(19,358)	13,354	(6,004)
Net position, beginning	<u>1,665,761</u>	<u>48,678</u>	<u>1,714,439</u>
Net position, ending	<u>\$ 1,646,403</u>	<u>\$ 62,032</u>	<u>\$ 1,708,435</u>

Parsippany-Troy Hills School District
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2015

	Balance July 1, 2014	Cash Receipts	Cash Disbursements	Balance June 30, 2015
Assets				
Cash and equivalents	\$ 399,817	\$ 705,092	\$ 731,675	\$ 373,234
Total assets	<u>\$ 399,817</u>	<u>\$ 705,092</u>	<u>\$ 731,675</u>	<u>\$ 373,234</u>
Liabilities				
Due to student groups	\$ 399,817	\$ 705,092	\$ 731,675	\$ 373,234
Total liabilities	<u>\$ 399,817</u>	<u>\$ 705,092</u>	<u>\$ 731,675</u>	<u>\$ 373,234</u>

Parsippany-Troy Hills School District
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2015

	Balance July 1, 2014	Cash Receipts	Cash Disbursements	Balance June 30, 2015
Elementary Schools:				
Eastlake	\$ 4,835	\$ 5,381	\$ 5,344	\$ 4,872
Intervale	4,479	1,839	2,909	3,409
Knollwood	5,619	5,880	5,825	5,674
Lake Hiawatha	5,989	3,069	1,597	7,461
Lake Parsippany	4,572	7,111	10,118	1,565
Littleton	4,598	3,155	2,988	4,765
Mt. Tabor	3,053	6,937	4,817	5,173
Northvail	4,228	1,782	899	5,111
Rockaway Meadow	5,513	1,848	5,166	2,195
Troy Hills	12,424	2,582	3,632	11,374
Total Elementary Schools	<u>55,310</u>	<u>39,584</u>	<u>43,295</u>	<u>51,599</u>
Middle Schools:				
Brooklawn	70,688	114,135	127,864	56,959
Central	42,264	112,311	109,033	45,542
Total Middle Schools	<u>112,952</u>	<u>226,446</u>	<u>236,897</u>	<u>102,501</u>
High Schools:				
Parsippany High	77,961	149,356	155,308	72,009
Parsippany Hills High	103,198	190,978	193,064	101,112
Total High Schools	<u>181,159</u>	<u>340,334</u>	<u>348,372</u>	<u>173,121</u>
Athletic Accounts:				
Parsippany High	6,000	51,710	51,451	6,259
Parsippany Hills High	5,870	46,440	51,660	650
Total Athletic Accounts	<u>11,870</u>	<u>98,150</u>	<u>103,111</u>	<u>6,909</u>
Total Other Accounts	<u>38,526</u>	<u>578</u>	<u></u>	<u>39,104</u>
Total All Schools	<u>\$ 399,817</u>	<u>\$ 705,092</u>	<u>\$ 731,675</u>	<u>\$ 373,234</u>

Parsippany-Troy Hills School District
Payroll Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2015

	Balance July 1, 2014	Cash Receipts	Cash Disbursements	Balance June 30, 2015
Assets				
Cash and cash equivalents	\$ 1,722,205	\$ 89,360,869	\$ 88,067,830	\$ 3,015,244
Total assets	<u>\$ 1,722,205</u>	<u>\$ 89,360,869</u>	<u>\$ 88,067,830</u>	<u>\$ 3,015,244</u>
Liabilities				
Payroll deductions and withholdings	\$ 666,103	\$ 87,092,087	\$ 87,018,918	\$ 739,272
Summer escrow payable	<u>1,056,102</u>	<u>2,268,782</u>	<u>1,048,912</u>	<u>2,275,972</u>
Total liabilities	<u>\$ 1,722,205</u>	<u>\$ 89,360,869</u>	<u>\$ 88,067,830</u>	<u>\$ 3,015,244</u>

Long-Term Debt

Parsippany-Troy Hills School District
 Long-Term Debt

Schedule of Obligations Under Capital Leases

Year ended June 30, 2015

Purpose	Interest Rate	Amount of Original Issue	Balance July 1, 2014	Issued	Paid	Balance June 30, 2015
Equipment	2.750%	\$ 1,005,000	\$ 206,530		\$ 206,530	
Equipment	2.750%	1,005,000	410,356		203,825	\$ 206,531
Equipment	2.750%	1,005,000	611,159		200,980	410,179
Equipment	2.750%	1,005,000	809,452		198,237	611,215
Equipment	2.100%	1,005,000	1,005,000		196,823	808,177
Equipment	1.134%	372,899	278,091		91,654	186,437
Energy Savings Improvement Plan	2.655%	14,200,000	14,200,000			14,200,000
Building Upgrades	1.477%	1,300,000	1,046,491		258,710	787,781
Equipment	1.561%	1,200,000		\$ 1,200,000	10,633	1,189,367
Equipment	0.000%	532,697		532,697	133,174	399,523
			<u>\$ 18,567,079</u>	<u>\$ 1,732,697</u>	<u>\$ 1,500,566</u>	<u>\$ 18,799,210</u>

Parsippany-Troy Hills School District
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2015

	<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	\$ 2,784,536		\$ 2,784,536	\$ 2,784,536	
State sources:					
Debt service aid type II	<u>578,392</u>		<u>578,392</u>	<u>578,392</u>	
Total revenues	<u>3,362,928</u>		<u>3,362,928</u>	<u>3,362,928</u>	
Expenditures:					
Principal on bonds	1,700,000	\$ 170,000	1,870,000	1,870,000	
Interest on bonds	1,713,823	(170,000)	1,543,823	1,507,119	\$ 36,704
Cost of issuance				146,300	(146,300)
Total expenditures	<u>3,413,823</u>	<u>-</u>	<u>3,413,823</u>	<u>3,523,419</u>	<u>(109,596)</u>
Deficiency of revenues under expenditures	(50,895)	-	(50,895)	(160,491)	(109,596)
Other financing sources (uses):					
Refunding bonds issued				12,025,000	12,025,000
Premium on Bond Refunding				2,712,779	2,712,779
Payment to Refunding Bond Escrow Agent				(14,591,479)	(14,591,479)
Transfers In:					
Transfers from capital projects fund	50,000		50,000	50,000	
Interest earned in capital projects fund				<u>52</u>	<u>52</u>
Total other financing sources (uses)	<u>50,000</u>		<u>50,000</u>	<u>196,352</u>	<u>146,352</u>
(Deficiency) excess of revenues (under) over expenditures and other financing sources (uses)	(895)	-	(895)	35,861	36,756
Fund balance, July 1	<u>1,968</u>	<u>-</u>	<u>1,968</u>	<u>1,968</u>	
Fund balance, June 30	<u>\$ 1,073</u>	<u>\$ -</u>	<u>\$ 1,073</u>	<u>\$ 37,829</u>	<u>\$ 36,756</u>

Statistical Section

(Unaudited)

**Statistical Section
Unaudited**

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well being have 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. The district implemented GASB Statement 34 in the fiscal year ended June 30, 2003.*

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

As of June 30,

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 20,348,446	\$ 20,252,572	\$ 14,924,006	\$ 20,322,542	\$ 22,926,163	\$ 26,048,380	\$ 27,005,258	\$ 26,440,800	\$ 11,372,718	\$ 18,025,158
Restricted	4,175,233	9,308,158	18,769,182	12,588,400	9,295,591	8,939,059	6,719,424	8,459,009	10,621,377	10,500,851
Unrestricted (deficit)	(3,485,633)	(2,854,006)	(2,128,203)	(2,134,030)	(1,967,791)	(2,081,659)	989,401	4,839,908	4,000,475	(37,452,068)
Total governmental activities net position	\$ 21,038,046	\$ 26,706,724	\$ 31,564,985	\$ 30,776,912	\$ 30,253,963	\$ 32,905,780	\$ 34,714,083	\$ 39,739,717	\$ 25,994,570	\$ (8,926,059)
Business-type activities										
Net investment in capital assets	\$ 143,144	\$ 116,893	\$ 143,614	\$ 175,722	\$ 182,101	\$ 179,208	\$ 244,661	\$ 322,111	\$ 520,820	\$ 568,799
Unrestricted	72,463	86,101	74,254	116,446	201,553	246,165	235,887	259,755	307,418	1,118,984
Total business-type activities net position	\$ 215,607	\$ 202,994	\$ 217,868	\$ 292,168	\$ 383,654	\$ 425,373	\$ 480,548	\$ 581,866	\$ 828,238	\$ 1,687,783
Government-wide										
Net investment in capital assets	\$ 20,491,590	\$ 20,369,465	\$ 15,067,620	\$ 20,498,264	\$ 23,108,264	\$ 26,227,588	\$ 27,249,919	\$ 26,762,911	\$ 11,893,538	\$ 18,593,957
Restricted	4,175,233	9,308,158	18,769,182	12,588,400	9,295,591	8,939,059	6,719,424	8,459,009	10,621,377	10,500,851
Unrestricted (deficit)	(3,413,170)	(2,767,905)	(2,053,949)	(2,017,584)	(1,766,238)	(1,835,494)	1,225,288	5,099,663	4,307,893	(36,333,084)
Total district net position	\$ 21,253,653	\$ 26,909,718	\$ 31,782,853	\$ 31,069,080	\$ 30,637,617	\$ 33,331,153	\$ 35,194,631	\$ 40,321,583	\$ 26,822,808	\$ (7,238,276)

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.

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

Unaudited

Year ended June 30,

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities										
Instruction										
Regular	\$ 45,675,451	\$ 48,167,024	\$ 49,679,045	\$ 50,879,509	\$ 51,971,182	\$ 52,549,584	\$ 53,320,040	\$ 54,157,270	\$ 55,225,305	\$ 60,058,776
Special Education	8,759,067	10,038,034	11,071,579	10,770,018	11,354,873	12,654,225	12,830,312	13,587,574	14,182,455	15,759,413
Other Instruction	3,941,758	4,001,696	4,117,984	4,135,992	4,469,379	4,240,729	4,359,857	4,981,003	4,748,278	5,318,379
School Sponsored Instruction	2,328,618	2,370,392	2,410,202	2,446,604	2,468,444	2,474,035	2,627,716	2,739,048	2,780,564	3,148,624
Support Services:										
Tuition	7,440,920	7,838,140	8,068,232	8,219,763	8,619,040	8,761,180	9,157,295	8,690,359	9,133,292	8,927,366
Student & Instruction Related Services	16,250,564	16,569,596	17,994,928	18,592,041	19,619,802	19,596,193	21,527,642	21,889,834	22,698,468	25,166,820
General Administration Services	816,467	1,535,373	1,019,012	1,346,484	1,164,924	963,155	1,207,241	955,550	951,226	987,411
School Administrative Services	6,086,536	5,511,933	5,179,099	6,177,907	6,091,861	6,255,485	6,496,651	6,781,852	7,039,916	7,216,319
Central Services	1,815,106	1,992,289	2,003,582	2,281,598	2,435,522	2,272,678	2,107,571	1,988,419	2,359,078	2,601,763
Administrative Information Technology	868,696	975,446	1,729,363	1,010,105	964,932	893,122	797,503	934,141	894,481	2,010,378
Plant Operations & Maintenance	10,595,728	10,767,928	11,905,342	11,666,344	11,718,139	10,517,142	10,921,748	11,334,513	11,702,498	14,561,451
Pupil Transportation	6,162,440	6,578,651	6,616,979	6,660,792	7,170,884	6,140,864	7,183,376	7,128,369	7,392,761	7,799,413
Business & Other Support Services	92,139									
Capital Outlay:	810,238	872,128	991,992	1,023,266	905,430	442,538				
Special Schools	1,599,919	1,811,220	1,795,874	1,475,094	1,561,611	1,673,357	1,805,198	1,800,842	1,780,943	1,666
Charter School			101,737	89,288	133,619	160,727	285,780	359,963	385,109	343,519
Interest on long-term debt	54,720	1,120,280	2,119,145	2,076,653	2,026,635	2,974,627	1,750,922	1,828,112	1,721,809	2,048,389
Unallocated Depreciation	1,086,707	746,927	1,027,319	1,284,679	1,327,476	1,369,785				
Total governmental activities expenses	114,385,074	120,897,057	127,831,414	130,136,137	134,003,753	135,939,426	156,378,852	139,176,849	142,996,183	155,949,687
Business-type activities:										
Food service	2,170,324	2,223,583	2,238,925	2,194,422	2,279,417	2,211,868	2,326,674	2,152,061	2,195,791	2,474,470
Adult and community education										2,015,253
Total business-type activities expense	2,170,324	2,223,583	2,238,925	2,194,422	2,279,417	2,211,868	2,326,674	2,152,061	2,195,791	4,489,723
Total district expenses	\$ 116,555,398	\$ 123,120,640	\$ 130,070,339	\$ 132,330,559	\$ 136,283,170	\$ 136,151,294	\$ 138,705,526	\$ 141,328,910	\$ 145,191,974	\$ 160,439,410
Program Revenues										
Governmental activities:										
Charges for services:										
Special Education		\$ 53,427	\$ 124,128	\$ 162,070	\$ 183,603	\$ 240,890	\$ 336,014	\$ 336,408	\$ 288,409	\$ 216,116
Tuition										
Special Schools	\$ 1,284,045	1,440,854	1,875,676	1,696,439	1,816,985	1,661,821	1,952,286	2,095,236	2,023,902	2,191,240
Operating grants and contributions	16,238,406	20,410,941	20,879,132	16,190,504	15,272,528	14,557,527	2,309,757	2,401,594	2,087,374	2,191,240
Capital grants and contributions	1,925,946	131,062	157,413	251,809		1,144,458	404,041		407,602	349,442
Total governmental activities program revenues	\$ 19,448,397	\$ 22,036,284	\$ 23,036,349	\$ 18,300,822	\$ 17,273,116	\$ 17,604,696	\$ 5,002,098	\$ 4,833,238	\$ 4,807,287	\$ 2,756,798
Business-Type Activities										
Charges for services:										
Food Service	\$ 1,842,452	\$ 1,821,255	\$ 1,784,951	\$ 1,783,069	\$ 1,825,265	\$ 1,815,329	\$ 1,820,456	\$ 1,639,914	\$ 1,684,107	\$ 1,772,352
Adult School										2,878,501
Operating grants and contributions	254,274	378,260	430,044	416,517	536,429	514,526	574,150	580,525	625,454	698,415
Total governmental activities program revenues	\$ 2,096,726	\$ 2,199,515	\$ 2,214,995	\$ 2,199,586	\$ 2,361,694	\$ 2,329,855	\$ 2,394,606	\$ 2,220,439	\$ 2,309,561	\$ 5,349,268
Total District Program Revenues	\$ 21,545,123	\$ 24,235,799	\$ 25,251,344	\$ 20,500,408	\$ 19,634,810	\$ 19,934,551	\$ 7,396,704	\$ 7,053,677	\$ 7,116,848	\$ 8,106,066
Net (Expense)/Revenue Governmental Activities	(94,936,677)	(98,860,773)	(104,795,065)	(111,835,315)	(116,730,637)	(116,334,730)	(131,376,754)	(134,343,611)	(138,188,896)	(153,192,889)
Business-Type Activities	(73,598)	(24,068)	(23,920)	5,164	82,277	117,987	67,932	68,378	113,770	859,545
Total District-Wide Net Position	\$ (95,010,275)	\$ (98,884,841)	\$ (104,818,995)	\$ (111,830,151)	\$ (116,648,360)	\$ (116,216,743)	\$ (131,308,822)	\$ (134,275,233)	\$ (138,075,126)	\$ (152,333,344)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property Taxes Levied for General Purposes	\$ 94,370,813	\$ 100,210,723	\$ 104,320,412	\$ 107,986,991	\$ 111,498,049	\$ 115,157,971	\$ 114,831,204	\$ 117,978,486	\$ 120,740,876	\$ 122,152,214
Taxes Levied for Debt Service	463,530	1,081,825	744,260	766,297	2,583,484	2,664,792	2,355,480	2,432,893	2,511,028	2,784,536
Federal and State Aid not Restricted	1,357,874	1,387,280	1,872,919	1,912,146	1,485,655	716,732	13,765,153	18,161,615	16,374,275	31,151,966
Investment Earnings	427,740	1,563,178	2,365,504	276,198	94,085	77,310	45,399	40,140	13,816	693
Miscellaneous Income	94,216	297,442	388,386	127,603	555,424	292,535	96,908	337,075	654,483	105,326
Insurance proceeds								430,889		
Transfers	(38,109)	(10,997)	(38,155)	(21,992)	(9,009)	77,207	13,518	(11,853)	(2,069)	
Total Governmental Activities	96,676,064	104,529,451	109,653,326	111,047,243	116,207,688	118,986,547	131,107,602	139,369,245	140,292,409	156,194,735
Business-Type Activities:										
Investment Earnings	511	458	649	318	200	939	761	768		
Capital Contributions	29,474									
Insurance proceeds								20,319		
Transfers	38,109	10,997	38,155	21,992	9,009	(77,207)	(13,518)	11,853	2,069	
Total Business-Type Activities	68,094	11,455	38,804	22,310	9,209	(76,268)	(12,757)	32,940	2,069	-
Total District-Wide	\$ 96,744,158	\$ 104,540,906	\$ 109,692,130	\$ 111,069,553	\$ 116,216,897	\$ 118,910,279	\$ 131,094,905	\$ 139,402,185	\$ 140,294,478	\$ 156,194,735
Change in Net Position:										
Governmental Activities	\$ 1,739,387	\$ 5,668,678	\$ 4,858,261	\$ (788,072)	\$ (522,949)	\$ 2,651,817	\$ (269,092)	\$ 5,025,634	\$ 2,103,513	\$ 3,001,846
Business-Type Activities	(5,504)	(12,613)	14,874	27,474	91,486	41,719	55,175	101,318	115,839	859,545
Total District	\$ 1,733,883	\$ 5,656,065	\$ 4,873,135	\$ (760,598)	\$ (431,463)	\$ 2,693,536	\$ (213,917)	\$ 5,126,952	\$ 2,219,352	\$ 3,861,391

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.

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

Unaudited

	As of June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund	(as restated)									
Reserved/Restricted	\$ 3,501,418	\$ 6,350,307	\$ 9,382,087	\$ 8,538,275	\$ 8,041,629	\$ 7,003,336	\$ 6,561,945	\$ 7,951,867	\$ 9,713,770	\$ 10,164,659
Assigned						1,966,726	1,464,329	4,679,708	3,633,704	3,205,980
Unassigned						2,379,650	2,177,866	2,686,143	2,759,671	2,685,084
Unreserved	2,923,046	3,998,775	3,408,356	2,552,283	2,412,467					
Total general fund	\$ 6,424,464	\$ 10,349,082	\$ 12,790,443	\$ 11,090,558	\$ 10,454,096	\$ 11,349,712	\$ 10,204,140	\$ 15,317,718	\$ 16,107,145	\$ 16,055,723
All Other Governmental Funds										
Reserved/Restricted	\$ 1,575,580	\$ 27,952,035	\$ 4,052,255	\$ 2,679,749	\$ 735,639	\$ 1,063,680	\$ 861,145	\$ 509,338	\$ 12,100,903	\$ 3,147,328
Unassigned (deficit)						(41,015)				
Unreserved, Reported In:										
Capital projects fund	(1,009,677)	6,028,587	3,218,297	920,402	180,041					
Debt service fund	107,912	682,278	1,022,371	12,179	19,489					
Total all other governmental funds	\$ 673,815	\$ 34,662,900	\$ 8,292,923	\$ 3,612,330	\$ 935,169	\$ 1,022,665	\$ 861,145	\$ 509,338	\$ 12,100,903	\$ 3,147,328
Total All Funds	\$ 7,098,279	\$ 45,011,982	\$ 21,083,366	\$ 14,702,888	\$ 11,389,265	\$ 12,372,377	\$ 11,065,285	\$ 15,827,056	\$ 28,208,048	\$ 19,203,051

Source: CAFR Schedule B-1 and District records.

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

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

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

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

Unaudited

	Year Ended June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues								(as restated)		
Tax levy	\$ 94,834,343	\$ 101,292,548	\$ 105,064,672	\$ 108,753,288	\$ 114,081,533	\$ 117,822,763	\$ 117,186,684	\$ 120,411,379	\$ 123,251,904	\$ 124,936,750
Interest Earned on reserves	16,281	17,368	9,363	9,777	4,511	4,698	2,286	1,294	5,000	641
Miscellaneous	1,813,657	3,386,749	4,773,868	2,282,203	2,679,306	2,302,668	2,480,810	2,843,613	2,992,863	360,040
State sources	17,440,333	19,763,554	20,617,320	16,175,007	14,420,722	12,346,912	13,983,424	18,230,758	16,888,358	18,479,058
Federal sources	2,057,956	2,116,513	2,262,607	2,149,782	2,303,741	4,036,994	2,443,038	2,296,403	1,963,640	2,101,583
Total revenue	116,162,570	126,576,732	132,727,830	129,370,057	133,489,813	136,514,035	136,096,242	143,783,447	145,101,765	145,878,072
Expenditures										
Instruction										
Regular and special educ instruct.	34,635,915	35,057,295	37,167,845	38,969,236	39,381,191	39,611,735	38,093,643	37,666,229	38,751,056	37,702,859
Special Education Instruction	6,640,176	7,270,481	7,718,948	8,134,428	8,478,729	9,885,294	9,282,035	9,594,060	10,061,739	10,152,000
Other Instruction	2,954,144	2,843,855	3,019,629	3,125,853	3,321,850	3,131,972	3,087,861	3,426,107	3,301,429	3,288,987
School-Sponsored Instruction	1,829,442	1,847,599	1,873,265	1,922,526	1,959,883	1,959,090	1,992,630	2,062,973	2,079,676	2,125,281
Support Services:										
Tuition	7,440,920	7,838,140	8,068,232	8,219,763	8,619,040	8,761,180	8,958,958	8,804,359	9,217,629	8,927,366
Student Service	10,705,392	11,151,534	12,207,485	10,209,868	10,978,064	11,029,504	12,107,814	12,141,029	12,626,735	11,917,449
Student & Instruction Related Service	965,713	1,409,519	850,393	4,531,483	4,320,904	3,978,174	3,799,859	3,657,933	3,906,220	4,480,159
General Administration	1,565,636	998,841	1,550,661	1,040,958	888,499	886,793	1,085,949	833,270	860,115	793,255
School Administration	4,568,008	4,298,379	1,585,170	4,816,887	4,524,606	4,616,791	4,694,512	4,816,528	5,092,002	4,622,005
Central Services	1,415,086	1,484,723	4,498,874	1,685,028	1,637,641	1,637,544	1,573,062	1,428,299	1,710,503	1,714,308
Administrative Information Technology	705,507	783,914	788,401	883,790	823,754	754,861	640,210	773,555	751,374	1,505,088
Plant Operations & Maintenance	8,936,580	8,741,859	9,831,091	9,860,863	9,673,943	8,693,102	8,313,218	8,695,511	9,211,480	10,636,370
Pupil Transportation	5,818,073	6,099,104	6,070,520	6,148,902	6,626,853	5,661,933	6,600,429	6,417,563	6,629,720	6,822,465
Business & Other Support Services	18,520									
Unallocated Benefits	22,483,235	27,730,869	26,979,193	24,299,659	26,293,718	26,795,395	29,149,709	31,073,806	30,156,485	31,330,454
Debt service:										
Principal	410,000	430,000	950,000	1,185,000	1,200,000	1,250,000	1,350,000	1,500,000	1,600,000	3,371,565
Interest	54,720	1,120,280	2,119,145	2,076,653	2,026,635	1,973,041	1,916,166	1,853,823	2,030,538	1,507,119
Cost of Issuance										146,300
Capital outlay	8,108,868	16,558,422	30,784,296	8,046,825	5,350,781	4,151,440	3,684,818	3,539,862	9,339,852	15,184,910
Charter school			101,737	89,288	133,619	160,727	285,780	359,963	385,109	343,519
Special Schools	1,282,342	1,412,428	1,458,136	1,486,532	1,559,717	1,674,554	1,805,199	1,800,842	1,721,809	1,666
Total expenditures	120,538,277	137,077,242	157,623,021	136,733,542	137,799,427	136,613,130	138,421,852	140,445,712	149,433,471	156,573,125
Excess (Deficiency) of revenues over (under) expenditures	(4,375,707)	(10,500,510)	(24,895,191)	(7,363,485)	(4,309,614)	(99,095)	(2,325,610)	3,337,735	(4,331,706)	(10,695,053)
Other financing sources (uses)										
Capital leases (non-budgeted)	778,875	791,940	1,005,000	1,005,000	1,005,000	1,005,000	1,005,000	1,005,000	15,577,899	1,543,756
Bond proceeds		47,633,000							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	2,157,932	1,645,763	2,179,802	2,557,839	45,998	89,443	473,119	350,895	1,612,942	50,052
Transfers out	(2,196,041)	(1,656,760)	(2,217,957)	(2,579,831)	(55,007)	(12,236)	(459,601)	(362,748)	(1,615,011)	(50,052)
Total other financing sources (uses)	740,766	48,413,943	966,845	983,008	995,991	1,082,207	1,018,518	1,424,036	15,765,358	1,690,056
Net change in fund balances	\$ (3,634,941)	\$ 37,913,433	\$ (23,928,346)	\$ (6,380,477)	\$ (3,313,623)	\$ 983,112	\$ (1,307,092)	\$ 4,761,771	\$ 11,433,652	\$ (9,004,997)
Debt service as a percentage of noncapital expenditures	0.41%	1.29%	2.42%	2.53%	2.44%	2.43%	2.42%	2.45%	2.59%	3.45%

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 Education and Regular Tuition *	Rentals	Refunds	Other	Total
2006	\$ 362,604	\$ 1,284,045	\$ 47,289		\$ 46,927	\$ 1,740,865
2007	520,357	1,494,281	55,994	\$ 230,291	11,158	2,312,081
2008	425,411	1,999,804	38,454	285,314	64,618	2,813,601
2009	177,898	1,724,000	37,946		224,165	2,164,009
2010	86,775	2,000,590	64,826		490,596	2,642,787
2011	74,609	2,031,360	58,484		105,402	2,269,855
2012	44,098	2,288,300	46,886		50,022	2,429,306
2013	39,245	2,431,644	53,312		283,763	2,807,964
2014	12,743	2,312,311	57,029		296,302	2,678,385
2015	641	216,116	39,491		65,835	322,083

Source: District records.

* - During the 2015 fiscal year, the District moved its Adult 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)
2006	\$ 128,322,000	\$ 4,261,904,000	\$ 326,400	\$ 3,100	\$2,564,371,800	\$ 320,330,200	\$ 390,048,000	\$ 7,665,305,500	\$ 479,497,300	\$ 10,660,825	\$ 7,675,966,325	\$ 1.28	\$ 8,560,161,182
2007	112,099,100	4,323,446,400	326,400	3,100	2,433,467,700	318,309,500	390,048,000	7,577,700,200	481,727,700	10,582,176	7,588,282,376	1.36	9,324,833,790
2008	103,134,600	4,365,430,400	326,400	3,100	2,362,622,800	314,532,200	389,588,700	7,535,638,200	485,730,900	10,448,091	7,546,086,291	1.42	9,666,126,163
2009	89,270,400	4,385,585,100	326,400	3,100	2,306,569,900	314,532,200	390,988,700	7,487,275,800	581,936,200	10,866,942	7,498,142,742	1.50	9,699,800,233
2010	78,507,700	4,405,406,300	326,400	3,100	2,246,593,800	282,858,500	390,988,700	7,404,684,500	584,988,900	11,066,916	7,415,751,416	1.57	9,332,851,651
2011	77,607,500	4,408,878,400	326,400	3,100	2,198,373,300	258,335,800	390,988,700	7,334,513,200	585,116,700	12,432,565	7,346,945,765	1.66	9,082,278,672
2012	72,717,000	4,405,119,200	326,400	4,400	2,131,211,300	250,480,800	390,988,700	7,250,847,800	585,077,700	12,432,565	7,263,280,365	1.72	8,467,896,741
2013	66,904,400	4,403,242,200	326,400	4,400	2,070,234,400	254,664,800	401,241,700	7,196,618,300	576,340,400	10,643,519	7,207,261,819	1.69	8,418,714,892
2014	68,028,800	4,391,472,200	326,400	4,400	2,053,077,500	250,009,200	403,241,700	7,166,160,200	576,340,400	10,643,519	7,176,803,719	1.73	8,489,705,248
2015	67,577,600	4,399,306,700	326,400	8,900	2,045,286,500	244,410,200	403,241,700	7,160,158,000	592,396,100	422,050	7,160,580,050	N/A	8,482,594,479

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

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

Reassessment occurs when ordered by the County Board of Taxation.

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

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

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

Fiscal Year Ended December 31,	Parsippany Troy Hills Schools			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of Parsippany	Morris County	
2006	\$ 1.27	\$ 0.01	\$ 1.28	\$ 0.47	\$ 0.28	\$ 2.03
2007	1.35	0.01	1.36	0.49	0.29	2.14
2008	1.41	0.01	1.42	0.51	0.30	2.23
2009	1.47	0.03	1.50	0.54	0.30	2.34
2010	1.53	0.04	1.57	0.58	0.30	2.45
2011	1.60	0.06	1.66	0.54	0.30	2.50
2012	1.66	0.06	1.72	0.56	0.28	2.56
2013	1.66	0.03	1.69	0.61	0.30	2.60
2014	1.69	0.04	1.73	0.87	0.26	2.86
2015	N/A	N/A	N/A	N/A	N/A	2.70

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	2015		Taxpayer	2006	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Knoll Manor Associates	\$ 61,015,400	0.85%	Morris Corporate Center, HDQ I & II	\$ 95,660,700	1.25%
Morris Corporate Center, HDQ III	58,875,100	0.82%	State Farm Insurance	82,500,000	1.07%
State Farm Insurance	58,544,700	0.82%	Morris Corporate Center, HDQ III	70,875,100	0.92%
Morris Corporate Center, HDQ I & II	57,660,700	0.81%	Cendant	67,268,000	0.88%
Powder Mill Heights	51,831,300	0.72%	Parsippany Hilton	64,762,300	0.84%
Sylvan/Campus Rlty, LLC	49,101,800	0.69%	Morris Corporate Ctr. IV, Phase II	63,107,000	0.82%
MCC IV - Phase I, LLC	43,526,900	0.61%	Knoll Manor Associates	61,015,400	0.79%
Troy Hills Village	41,506,500	0.58%	Wells Reit - Gatehall II	58,677,800	0.76%
Wells REIT- Multi State	40,677,800	0.57%	Benenson Par LLC - NY Life Ins.	54,080,500	0.70%
GC Net Lease Parsippany	39,807,200	0.56%	Starwood Realty - Tara	53,971,200	0.70%
Total	<u>\$ 502,547,400</u>	<u>7.02%</u>		<u>\$ 671,918,000</u>	<u>8.75%</u>
Net Assessed Value	<u>\$ 7,160,580,050</u>			<u>\$ 7,675,966,325</u>	

Source: Municipal Tax Collector

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 94,834,343	\$ 94,834,343	100.00%	-
2007	101,292,548	101,292,548	100.00%	-
2008	105,064,672	105,064,672	100.00%	-
2009	108,753,288	108,753,288	100.00%	-
2010	114,081,533	114,081,533	100.00%	-
2011	117,822,763	117,822,763	100.00%	-
2012	117,186,684	117,186,684	100.00%	-
2013	120,411,379	120,411,379	100.00%	-
2014	123,251,904	123,251,904	100.00%	-
2015	124,936,750	124,936,750	100.00%	-

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	Bond Anticipation Notes			
2006	\$ 1,315,000	\$ 1,905,527	\$ 1,500,000	\$ 4,720,527	0.14%	\$ 94
2007	48,518,000	2,176,220		50,694,220	1.45%	1,011
2008	47,568,000	2,553,060		50,121,060	1.40%	1,004
2009	46,383,000	2,721,823		49,104,823	1.45%	984
2010	45,183,000	2,923,428		48,106,428	1.32%	962
2011	43,933,000	3,004,835		46,937,835	1.22%	882
2012	42,583,000	3,045,125		45,628,125	1.14%	852
2013	41,083,000	3,042,587		44,125,587	1.09%	822
2014	38,848,000	18,567,079		57,415,079	1.43%	1,067
2015	35,270,000	18,799,210		54,069,210	1.34%	1,007

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			
2006	\$ 1,315,000	-	\$ 1,315,000	0.02%	\$ 94
2007	48,518,000	-	48,518,000	0.64%	1,011
2008	47,568,000	-	47,568,000	0.63%	1,004
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%	852
2013	41,083,000	-	41,083,000	0.57%	822
2014	38,848,000	-	38,848,000	0.54%	1,067
2015	35,270,000	-	35,270,000	0.49%	1,007

Source: School District Financial records

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

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

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

Parsippany-Troy Hills School District
Ratios of Overlapping Governmental Activities Debt
As of December 31, 2014
Unaudited

	<u>Debt Authorized and Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Parsippany	\$ 75,280,442	100.00%	\$ 75,280,442
Morris County General Obligation Debt	235,116,781	9.53%	<u>22,406,629</u>
Subtotal overlapping debt			97,687,071
Parsippany-Troy Hills School District Direct Debt			<u>35,270,000</u>
Total direct and overlapping debt			<u><u>\$ 132,957,071</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized valuation basis	
2015	\$ 8,482,594,479
2014	8,489,705,248
2013	<u>8,418,714,892</u>
	<u>\$ 25,391,014,619</u>
Average equalized valuation of taxable property	
	<u>\$ 8,463,671,540</u>
Debt limit ^a (4 % of average equalization value)	
	\$ 338,546,862
Net bonded school debt	
	<u>35,270,000</u>
Legal debt margin	
	<u>\$ 303,276,862</u>

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 307,515,903	\$ 341,938,352	\$ 369,432,176	\$ 386,019,056	\$ 260,753,615	\$ 385,435,807	\$ 368,325,696	\$ 346,251,871	\$ 338,350,892	\$ 338,546,862
Total net debt applicable to limit	<u>1,315,000</u>	<u>48,518,000</u>	<u>47,568,000</u>	<u>46,383,000</u>	<u>45,183,000</u>	<u>43,933,000</u>	<u>42,583,000</u>	<u>41,083,000</u>	<u>38,848,000</u>	<u>35,270,000</u>
Legal debt margin	<u>\$ 306,200,903</u>	<u>\$ 293,420,352</u>	<u>\$ 321,864,176</u>	<u>\$ 339,636,056</u>	<u>\$ 215,570,615</u>	<u>\$ 341,502,807</u>	<u>\$ 325,742,696</u>	<u>\$ 305,168,871</u>	<u>\$ 299,502,892</u>	<u>\$ 303,276,862</u>
Total net debt applicable to the limit as a percentage of debt limit	0.43%	14.19%	12.88%	12.02%	17.33%	11.40%	11.56%	11.87%	11.48%	10.42%

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

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

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

Year	Population ^a	Personal Income ^b	Morris County Per Capita Personal Income	Unemployment Rate ^d
2006	50,159	\$ 3,348,765,317	\$ 66,763	3.10%
2007	49,911	3,485,933,973	69,843	2.70%
2008	49,880	3,588,217,560	71,937	3.60%
2009	49,982	3,383,681,436	67,698	7.60%
2010	53,237	3,655,039,472	68,656	7.60%
2011	53,530	3,849,556,420	71,914	7.10%
2012	53,686	4,017,108,636	74,826	7.30%
2013	53,828	4,040,006,712	75,054	7.30%
2014	53,679	4,028,823,666	75,054 *	6.10%
2015	53,679 **	4,028,823,666	75,054 *	4.20%

Source: School District Reports

* Latest Morris County per capita personal income available (2013) was used for calculation purposes.

** Latest population data available (2014) was used for calculation purposes.

^a Population information provided by the NJ Dept of Education.

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

^d Unemployment data provided by the NJ Dept. of Education.

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

2015			2006		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
United Parcel Post	1,927	N/A	Novartis	5,000	N/A
Wyndham	1,366	N/A	United Parcel	2,121	N/A
Automatic Data Processing	1,300	N/A	ADP	1,986	N/A
Avis	1,025	N/A	Greystone Psych.	1,300	N/A
Deloitte-Touche	1,000	N/A	Realogy Corporation	1,200	N/A
Tiffany and Company	710	N/A	Tiffany & Co.	1,200	N/A
State Farm	700	N/A	Wyndham Worldwide	948	N/A
Common Health	555	N/A	State Farm Insurance	830	N/A
EBI-Evonik Corp.	525	N/A	Avis Budget Group, Inc.	800	N/A
NY Life Inv. Mgmt.	500	N/A	Deloitte & Touche	750	N/A
	<u>9,608</u>			<u>16,135</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	506.9	504.9	509.3	544.3	539.7	516.4	513.1	519.2	521.7	509.0
Special education	81.9	91.8	96.7	96.3	104.0	106.0	109.6	113.0	112.6	108.0
Support Services:										
Student & Instruction Related Services	106.0	108.4	108.8	113.8	106.0	107.2	109.0	102.4	118.9	104.8
School Administrative Services	33.0	34.0	33.0	32.0	32.0	32.0	32.0	37.3	35	37.0
General & Business Administrative Services	5.0	5.0	5.0	5.0	5.0	5.0	5.0	3.0	3	3.0
Plant Operations and Maintenance	110.5	111.5	111.5	111.5	113.5	94.0	94.0	98.5	103.5	110.0
Pupil Transportation	27.0	24.0	24.0	24.0	23.0	23.0	23.0	22.0	22	25.0
Business and Other Support Services	82.0	82.0	82.0	82.0	80.5	80.5	81.5	81.5	94	85.5
Total	<u>952.3</u>	<u>961.6</u>	<u>970.3</u>	<u>1,008.9</u>	<u>1,003.7</u>	<u>964.1</u>	<u>967.2</u>	<u>976.9</u>	<u>1,010.7</u>	<u>982.3</u>

Source: District Personnel Records

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

At June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2006	7,099	\$ 111,964,689	\$ 15,772	5.89%	727	13.5:1	10.7:1	10.4:1	7,099	6,823	0.51%	96.11%
2007	7,180	118,968,540	16,569	5.06%	738	10.3:1	10.7:1	10.1:1	7,180	6,898	1.14%	96.07%
2008	7,252	123,769,580	17,067	3.00%	742	10.3:1	10.7:1	10.1:1	7,252	7,208	1.00%	99.39%
2009	7,152	125,425,064	17,537	2.75%	745	10.3:1	10.3:1	9.5:1	7,157	6,862	-1.31%	95.88%
2010	7,397	129,222,011	17,470	-0.39%	747	10.5:1	7.4:1	9.5:1	7,274	6,988	1.63%	96.07%
2011	7,321	129,238,649	17,653	1.05%	727	12.3:1	8.1:1	10.0:1	7,194	6,984	-1.10%	97.08%
2012	7,290	131,470,868	18,034	2.16%	729	11.8:1	8.6:1	10.4:1	7,267	6,967	1.01%	95.87%
2013	7,270	133,552,027	18,370	1.86%	735	13.2:1	9.1:1	10.3:1	7,270	6,833	0.04%	93.99%
2014	7,014	136,463,081	19,456	5.91%	753	10.2:1	8.2:1	9.1:1	7,014	6,726	-3.52%	95.89%
2015	6,959	136,363,231	19,595	0.72%	722	12.1:1	9.3:1	10.3:1	6,958	6,686	-0.80%	96.09%

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

Note: Enrollment's based October 15, 2014 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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
District Building										
Parisippany High School (1956)										
Square Feet	166,512	166,512	166,512	174,377	174,377	174,377	174,377	174,377	174,377	174,377
Capacity (students)	817	817	817	1,106	1,106	1,106	1,106	1,106	1,106	1,106
Enrollment	971	975	1,009	1,020	1,043	1,043	1,008	1,008	971	932
Parsippany Hills High School (1970)										
Square Feet	202,899	202,899	202,899	218,009	218,009	218,009	218,009	218,009	218,009	218,009
Capacity (students)	837	837	837	1,230	1,230	1,230	1,230	1,230	1,230	1,230
Enrollment	1,226	1,197	1,177	1,166	1,153	1,132	1,139	1,139	1,071	1,055
Brooklawn Middle School (1965)										
Square Feet	111,126	111,126	111,126	125,310	125,310	125,310	125,310	125,310	125,310	125,310
Capacity (students)	771	771	771	900	900	900	900	900	900	900
Enrollment	872	885	927	915	872	861	844	844	881	863
Central Middle School (1928)										
Square Feet	91,441	91,441	91,441	138,221	138,221	138,221	138,221	138,221	138,221	138,221
Capacity (students)	620	620	620	846	846	846	846	846	846	846
Enrollment	764	791	797	755	762	792	812	812	753	761
East Lake Elementary School (1967)										
Square Feet	31,589	31,589	31,589	31,589	31,589	31,589	31,589	31,589	31,589	31,589
Capacity (students)	289	289	289	289	289	289	289	289	289	266
Enrollment	329	314	298	283	277	331	338	338	335	323
Intervale Elementary School (1966)										
Square Feet	27,771	27,771	37,731	37,731	37,731	37,731	37,731	37,731	37,731	37,731
Capacity (students)	381	381	490	490	490	490	490	490	490	286
Enrollment	263	275	327	314	331	316	298	298	285	297
Knollwood Elementary School (1961)										
Square Feet	33,880	33,880	33,880	33,880	33,880	33,880	33,880	33,880	33,880	33,880
Capacity (students)	298	298	298	298	298	298	298	298	298	281
Enrollment	316	309	327	331	359	323	312	312	331	347
Lake Hiawatha Elementary School (1952)										
Square Feet	38,314	38,314	44,424	44,424	44,424	44,424	44,424	44,424	44,424	44,424
Capacity (students)	371	371	381	381	381	381	381	381	381	328
Enrollment	317	332	373	407	436	400	431	431	423	417
Lake Parsippany Elementary School (1949)										
Square Feet	36,747	36,747	36,747	36,747	36,747	36,747	36,747	36,747	36,747	36,747
Capacity (students)	376	376	376	376	376	376	376	376	376	297
Enrollment	358	356	335	324	314	321	334	334	320	318
Littleton Elementary School (1958)										
Square Feet	41,890	41,890	41,890	41,890	41,890	41,890	41,890	41,890	41,890	41,890
Capacity (students)	371	371	371	371	371	371	371	371	371	320
Enrollment	455	466	416	394	368	393	381	381	359	369
Mt. Tabor Elementary School (1930)										
Square Feet	34,350	34,350	42,712	42,712	42,712	42,712	42,712	42,712	42,712	42,712
Capacity (students)	337	337	434	434	434	434	434	434	434	302
Enrollment	261	273	330	350	396	423	430	430	406	414
Northvail elementary School (1966)										
Square Feet	32,798	32,798	32,798	32,798	32,798	32,798	32,798	32,798	32,798	32,798
Capacity (students)	298	298	298	298	298	298	298	298	298	278
Enrollment	331	356	322	320	358	367	371	371	368	362
Rockaway Meadow Elementary School (1966)										
Square Feet	36,366	36,366	36,366	36,366	36,366	36,366	36,366	36,366	36,366	36,366
Capacity (students)	277	277	277	277	277	277	277	277	277	280
Enrollment	302	317	273	280	265	280	270	270	245	252
Troy Hills Elementary School (1964)										
Square Feet	36,954	36,954	36,954	36,954	36,954	36,954	36,954	36,954	36,954	36,954
Capacity (students)	326	326	326	326	326	326	326	326	326	289
Enrollment	334	334	334	320	325	307	302	302	266	249
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, 2015										
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

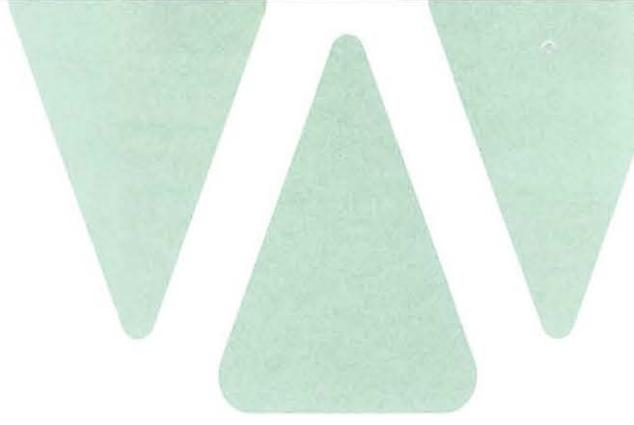
School Facilities	Year ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Parsippany High School	\$ 72,383	\$ 78,787	\$ 67,224	\$ 56,790	\$ 73,502	\$ 267,218	\$ 350,175	\$ 328,401	\$ 386,218	\$ 436,982
Parsippany Hills High School	86,788	61,447	65,024	63,925	96,302	336,581	334,563	410,880	483,520	547,074
Brooklawn Middle School	50,849	48,824	50,945	42,854	54,691	244,553	269,543	225,776	277,542	314,022
Central Middle School	48,618	50,961	46,174	43,382	62,692	258,973	201,581	246,301	289,650	327,722
East Lake Elementary School	21,144	17,715	16,878	13,701	13,495	68,556	148,268	61,575	69,345	78,459
Intervale Elementary School	17,702	18,026	21,273	10,216	24,362	88,620	69,804	82,100	86,450	97,813
Knollwood Elementary School	19,993	19,828	19,616	12,432	16,513	54,310	48,476	81,995	75,039	84,902
Lake Hiawatha Elementary School	33,334	13,503	22,321	19,793	22,075	99,239	127,723	102,625	98,392	111,325
Lake Parsippany Elementary School	36,213	18,149	22,410	22,702	26,619	136,929	76,337	61,600	81,389	92,087
Littleton Elementary School	16,278	23,906	19,978	14,591	13,391	85,716	62,744	61,578	92,780	104,975
Mt. Tabor Elementary School	34,429	15,138	25,759	25,406	32,716	167,401	81,104	61,580	94,600	107,035
Northvail Elementary School	20,776	20,506	17,732	12,350	20,923	83,721	73,647	61,599	72,642	82,191
Rockaway Meadow Elementary School	19,946	19,232	19,294	13,097	35,660	69,554	62,796	82,140	80,545	91,132
Troy Hills elementary School	20,971	18,539	24,336	11,408	22,300	75,759	73,762	82,106	81,847	92,605
Administration Building	1,588,092	1,482,103	1,637,502	1,643,930	1,540,299	140,114	116,345	82,105	80,842	91,468
Maintenance Building	11,254	38,169	43,893	77,071	82,178	13,008	10,844	20,525	9,024	10,209
Grand Total	<u>\$ 2,098,770</u>	<u>\$ 1,944,833</u>	<u>\$ 2,120,359</u>	<u>\$ 2,083,648</u>	<u>\$ 2,137,718</u>	<u>\$ 2,190,252</u>	<u>\$ 2,107,712</u>	<u>\$ 2,052,886</u>	<u>\$ 2,359,825</u>	<u>\$ 2,670,001</u>

Source: District records of required maintenance.

Parsippany-Troy Hills School District
 Insurance Schedule
 Year ended June 30, 2015
 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	50,000,000	
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	5,000
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		
Building	300,000	1,000
Contents	300,000	1,000
Source: District Records		

Single Audit Section

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K-1

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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 17, 2015.

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.

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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

December 17, 2015
Iselin, New Jersey

Report on Compliance For Each Major Federal and State Program and
Report on Internal Control Over Compliance Required by
OMB Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

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Those standards, OMB Circular A-133 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 on the District's compliance.

Basis for Qualified Opinion on Title I Part A

As described in the accompanying schedule of findings and questioned costs, the District, did not comply with requirements regarding CFDA 84.010 Title I Part A as described in finding number 2015-001 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Qualified Opinion on Title I Part A

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Title I, Part A Program for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal and State Programs

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 other major federal and state programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

Other Matters

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and the District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Scott A. Clelland

Scott A. Clelland
Licensed Public School Accountant
No. 1049

Wiss & Company

WISS & COMPANY, LLP

December 17, 2015
Iselin, New Jersey

Parsippany-Troy Hills School District

Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Period Number	Grant Period	Award Amount	Balance June 30, 2014			Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2015									
					(Accounts Receivable)	Unearned Revenue	Due to Grantor						(Accounts Receivable)	Unearned Revenue	Due to Grantor							
U.S. Department of Health and Human Services Passed-through State Department of Education:																						
Medicaid Assistance	93.778	N/A	7/1/14-6/30/15	\$ 118,473				\$ 85,251	\$ 109,465				\$ (24,214)									
Medicaid Assistance-ARRA	93.778	N/A	7/1/14-6/30/15	9,008				9,008	9,008													
Total U.S. Department of Health and Human Services								<u>94,259</u>	<u>118,473</u>				<u>(24,214)</u>									
Total General Fund								<u>94,259</u>	<u>118,473</u>				<u>(24,214)</u>									
U.S. Department of Education—Passed-Through State Department of Education																						
Special Revenue Fund:																						
Title I	84.010A	NCLB395015	7/1/14-6/30/15	264,644				44,443	145,919				(101,476)									
Title I	84.010A	NCLB395014	9/1/13-6/30/15	335,381		\$ 39,277		38,845	78,122													
Title I	84.010A	NCLB395013	9/1/12-8/31/13	417,394	\$ (53,976)			53,976														
Title II, Part A	84.367A	NCLB395015	7/1/14-6/30/15	52,347					19,893				(19,893)									
Title II, Part A	84.367A	NCLB395014	9/1/13-6/30/15	103,878		43,615			1,502				\$ 42,113									
Title II, Part A	84.367A	NCLB395013	9/1/12-6/30/15	104,336		58,822			58,822													
Title III	84.365A	NCLB395015	7/1/14-6/30/15	170,608				34,101	17,726							16,375						
Title III	84.365A	NCLB395014	9/1/13-6/30/15	117,385		48,865		17,932	66,797													
Title III	84.365A	NCLB395013	9/1/12-6/30/15	95,309	(20,659)			20,659	10,841				(10,841)									
Special Education Cluster:																						
I.D.E.A. Part B, Regular	84.027	IDEA395015	7/1/14-6/30/15	1,593,169				903,117	1,534,485				(631,368)									
I.D.E.A. Part B, Regular	84.027	IDEA395014	9/1/13-6/30/15	1,512,436		(307,949)		307,949														
I.D.E.A. Part B, Preschool	84.173	IDEA395015	7/1/14-6/30/15	56,150				41,097	56,150				(15,053)									
I.D.E.A. Part B, Preschool	84.173	IDEA395014	9/1/13-6/30/15	56,081		(17,798)		17,798														
Total Special Revenue Fund					(400,382)	190,579		<u>1,479,917</u>	<u>1,990,257</u>				<u>(778,631)</u>			<u>58,488</u>						
U.S. Department of Agriculture—Passed-Through State Department of Education																						
Enterprise Fund:																						
U.S.D.A Food Donation Program (NC)	10.555	N/A	7/1/14-6/30/15	181,904				181,904	168,343							13,561						
U.S.D.A Food Donation Program (NC)	10.555	N/A	7/1/13-6/30/15	129,181		5,862			5,862													
National School Breakfast Program	10.553	N/A	7/1/14-6/30/15	7,509				5,293	7,509				(2,216)									
National School Breakfast Program	10.553	N/A	7/1/13-6/30/14	10,089	(670)			670														
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	495,116				394,443	495,116				(100,673)									
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	466,295	(26,831)			26,831														
Total Enterprise Fund and Total U.S. Department of Agriculture—Passed-Through State Department of Education					(27,501)	5,862	-	<u>609,141</u>	<u>676,830</u>				<u>(102,889)</u>			<u>13,561</u>						
Total Federal Awards				\$ (427,883)	\$ 196,441	\$ -	\$ -	\$ 2,183,317	\$ 2,785,560	\$ -	\$ -	\$ -	\$ (905,734)	\$ 72,049	\$ -	\$ -						

NC - non cash expenditure

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, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014		Carryover/Walkover	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances		Balance at June 30, 2015			Memo	
				Unearned Rev. (Accts Rec)	Due to Grantor				Adjustments	Unearned Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Expenditures	
State Department of Education															
General Fund:															
Special Education Categorical Aid	495-034-5120-089	7/1/14-6/30/15	\$ 3,956,158				\$ 3,569,390	\$ 3,956,158						\$ (386,768)	\$ 3,956,158
Special Education Categorical Aid	495-034-5120-089	7/1/13-6/30/14	3,956,158	\$ (381,320)			381,320								
Equalization Aid	495-034-5120-078	7/1/14-6/30/15	95,367				86,043	95,367						(9,324)	95,367
Equalization Aid	495-034-5120-078	7/1/13-6/30/14	95,367	(9,192)			9,192								
Security Aid	495-034-5120-084	7/1/14-6/30/15	132,915				119,921	132,915						(12,994)	132,915
Security Aid	495-034-5120-084	7/1/13-6/30/14	132,915	(12,811)			12,811								
Additional Adjustment Aid	495-034-5120-085	7/1/14-6/30/15	1				1	1							1
Transportation Aid	495-034-5120-014	7/1/14-6/30/15	295,061				266,215	295,061						(28,846)	295,061
Transportation Aid	495-034-5120-014	7/1/13-6/30/14	295,061	(28,440)			28,440								
PARCC Readiness Aid	495-034-5120-098	7/1/14-6/30/15	69,790				62,967	69,790						(6,823)	69,790
Per Pupil Growth Aid	495-034-5120-097	7/1/14-6/30/15	69,790				62,967	69,790						(6,823)	69,790
Extraordinary Aid	100-034-5120-044	7/1/14-6/30/15	715,110				715,110	715,110			\$ (715,110)				715,110
Extraordinary Aid	100-034-5120-044	7/1/13-6/30/14	715,110	(751,821)			751,821								
Additional NP Transportation Aid	Not available	7/1/14-6/30/15	61,157					61,157			(61,157)				61,157
Additional NP Transportation Aid	Not available	7/1/13-6/30/14	64,394	(64,394)			64,394								
On-Behalf TPAF Pension and Medical Contributions	495-034-5094-001/006/007	7/1/14-6/30/15	7,837,750				7,837,750	7,837,750							7,837,750
Reimbursed TPAF - Social Security	495-034-5094-003	7/1/14-6/30/15	4,168,356				3,962,890	4,168,356			(205,466)				4,168,356
Reimbursed TPAF - Social Security	495-034-5094-003	7/1/13-6/30/14	4,210,563	(207,680)			207,680								
Total General Fund				(1,455,658)			17,423,802	17,401,455			(981,733)			(451,578)	17,401,455
Special Revenue Fund:															
Non Public Auxiliary Services (Ch. 192):															
Compensatory Education	100-034-5120-067	7/1/14-6/30/15	37,713				37,713	37,713							37,713
Non Public Handicapped Services (Ch. 193):															
Supplemental Instruction		7/1/14-6/30/15	14,674				14,674	14,674							14,674
Supplemental Instruction		7/1/13-6/30/14	16,237	\$ 69					\$ 69						
Examination and Classification		7/1/14-6/30/15	31,695				31,695	30,284			\$ 1,411				30,284
Examination and Classification		7/1/13-6/30/14	33,119		5,569					5,569					
Corrective Speech		7/1/14-6/30/15	25,622				25,622	11,662				13,960			11,662
Corrective Speech		7/1/13-6/30/14	22,655		5,781					5,781					
New Jersey Non-Public Aid:															
Nursing	100-034-5120-070	7/1/14-6/30/15	34,430				34,430	34,430							34,430
Nursing	100-034-5120-070	7/1/13-6/30/14	28,024		154					154					
Textbook Aid	100-034-5120-064	7/1/14-6/30/15	31,280				31,280	24,021				7,259			24,021
Textbook Aid	100-034-5120-064	7/1/13-6/30/14	28,303		1,959					1,959					
Technology Aid	100-034-5120-373	7/1/14-6/30/15	16,800				16,800	16,800							16,800
Technology Aid	100-034-5120-373	7/1/13-6/30/14	10,320		40					40					
Total Special Revenue Fund							192,214	169,584				13,572		22,630	169,584
Capital Projects Fund:															
New Jersey School Development Authority Grants	Various	7/1/2013- completion	757,044	(407,602)				349,442			(757,044)				757,044
Total Capital Projects Fund				(407,602)				349,442			(757,044)				757,044
Debt Service Fund:															
Type II Aid	100-034-5120-075	7/1/14-6/30/15	578,392				578,392	578,392							578,392
Total Debt Service Fund							578,392	578,392							578,392
State Department of Agriculture															
Enterprise Fund:															
State School Lunch Program (State share)	100-010-3350-023	7/1/14-6/30/15	21,585				16,644	21,585			(4,941)				21,585
State School Lunch Program (State share)	100-010-3350-023	7/1/13-6/30/14	21,919	(2,354)			2,354								
Total Enterprise Fund				(2,354)			18,998	21,585			(4,941)				21,585
Total State Financial Assistance				\$ (1,865,614)	\$ 13,572	\$ -	\$ 18,213,406	\$ 18,520,458	\$ 13,572	\$ -	\$ -	\$ (1,743,718)	\$ 22,630	\$ (451,578)	\$ 18,928,060
State Financial Assistance Not Subject to Single Audit Determination:															
On-Behalf TPAF Pension and Medical Contributions	495-034-5094-001/006/007	7/1/14-6/30/15	7,837,750				7,837,750	7,837,750							7,837,750
Total State Financial Assistance Subject to Single Audit Determination				\$ (1,865,614)	\$ 13,572	\$ -	\$ 10,375,656	\$ 10,682,708	\$ 13,572	\$ -	\$ -	\$ (1,743,718)	\$ 22,630	\$ (451,578)	\$ 11,090,310

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, 2015

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. 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 food service enterprise fund and the capital projects fund which are presented using the accrual 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some of the amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the District's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison schedules and statements (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, 2015

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 \$19,815 for the general fund and \$7,156 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. Financial award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ 118,473	\$17,381,640	\$17,500,113
Special Revenue Fund	1,983,110	169,584	2,152,694
Capital Projects Fund		349,442	349,442
Debt Service Fund		578,392	578,392
Food Service Enterprise Fund	676,830	21,585	698,415
Total financial award revenues	<u>\$ 2,778,413</u>	<u>\$18,500,643</u>	<u>\$21,279,056</u>

The adjustment to reconcile from budgetary basis accounts receivable to GAAP basis accounts receivable is \$9,495 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, 2015

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, 2015.

The post retirement pension and medical benefits on-behalf of the District for the year ended June 30, 2015 amounted to \$7,837,750. Since on-behalf post retirement pension and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB's 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.

Parsippany-Troy Hills School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Part I - Summary of Auditors' Results

Financial Statement Section

Type of auditors' report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	<u> </u> Yes	<u> ✓ </u> No	
Significant deficiency(ies) identified?	<u> </u> Yes	<u> ✓ </u> None Reported	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> ✓ </u> No	

Federal Awards Section

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>		
Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> ✓ </u> No	
Type of auditors' report on compliance for major programs:	<u>Qualified</u>		
Internal control over major programs:			
Material weakness(es) identified?	<u> </u> Yes	<u> ✓ </u> No	
Significant deficiency(ies) identified?	<u> ✓ </u> Yes	<u> </u> None Reported	
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))?	<u> ✓ </u> Yes	<u> </u> No	

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010A	Title I Part A
84.027	IDEA, Part B, Basic Cluster
84.173	IDEA, Part B, Preschool Cluster

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

Year ended June 30, 2015

Part I - Summary of Auditors' Results

State Awards Section

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

\$320,481

Auditee qualified as low-risk auditee?

Yes No

Type of auditors' report on compliance for major 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 programs:

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

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

Year ended June 30, 2015

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 (continued)

Year ended June 30, 2015

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

2015-001 Eligibility – Target Assistance (Significant Deficiency)

Federal Programs

U.S. Department of Education passed through the State Department of Education
Title I, Part A (84.010)

State of New Jersey Programs:

None

Criteria: In accordance with federal regulations, the District is required to provide targeted assistance only to eligible children residing or enrolled in eligible school attendance areas that are designed to meet the needs of children identified by the school as failing, or most at risk of failing to meet the State's challenging student academic achievement standards.

Statement of Condition: The District did not provide documentation supporting their inclusion of eleven students as eligible for targeted assistance.

Questioned Costs: The amount of questioned costs is not determinable.

Context: During our testing of Title I eligibility, we were unable to verify eleven student's eligibility.

Cause and Effect: Violations of grant requirements could lead to a potential reduction in funding or return of funds.

Recommendation: The District implement procedures to ensure that adequate supporting documentation be maintained and made available for audit for all students receiving targeted assistance.

Views of Responsible Officials and Planned Corrective Action: District management agrees with the finding and has prepared a corrective action whereby the Assistant Superintendent for Curriculum and Instruction, Executive Director of Pupil Personnel Services, Supervisors of Mathematics and Language Arts and building principals will ensure that the District will maintain adequate supportive documentation for every student who receives targeted assistance.

Parsippany-Troy Hills School District
Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2015

2014-001 Cash Management/Reporting – Incorrect Reporting on Reimbursement Requests

Federal Programs

U.S. Department of Education passed through the State Department of Education
Title I, Part A (84.010)

Statement of Condition:

During our testing of the Title I program, we noted that the District requested reimbursements in excess of the expenditures charged to the program during the year. Consequently, the District received funds in excess of the amount expended resulting in unearned revenue. This resulted from the District submitting for reimbursement for encumbrances and other expenditures that were subsequently reclassified to proper accounts. Subsequent reimbursement requests were not adjusted to reflect this reclassification. However, the District did subsequently identify the issue and updated the final year-end report to reflect the correct expenditures. In addition, the reports submitted via EWEG did not always reconcile to the underlying financial records.

Status: This condition has been corrected.