

**PARSIPPANY-TROY HILLS
SCHOOL DISTRICT**

**Parsippany-Troy Hills Board of Education
Parsippany, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010**

**Comprehensive Annual
Financial Report**

of the

Parsippany-Troy Hills School District

Parsippany, New Jersey

For the Fiscal Year Ended June 30, 2010

Prepared by

Parsippany-Troy Hills Board of Education

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INTRODUCTORY SECTION

Parsippany-Troy Hills Township Schools

Marlene D. Wendolowski, RSBO
Business Administrator
Board Secretary

292 Parsippany Road, P.O. Box 52
Parsippany, NJ 07054-0052
973) 263-7200 ext. 7209

October 15, 2010

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Parsippany-Troy Hills School District (the "District") for the fiscal year ended June 30, 2010, 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, the District's organizational chart, a roster of officials and a list of principal consultants and advisors. The financial section includes The Independent Auditor's 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. 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 04-04, *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 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 Government Accounting Standards Board ("GASB") in codification section 2100. All funds 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 2009-2010 fiscal year with an enrollment of 7,274 students, which is an increase of 117 students from the previous year's enrollment; please see attachment A following this transmittal letter. 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</u> <u>Student Enrollment</u>	<u>Percent Change</u>
2009-2010	7,274	1.63%
2008-2009	7,157	-1.31%
2007-2008	7,252	1.00%
2006-2007	7,180	1.14%
2005-2006	7,099	.51%

2) ECONOMIC CONDITION AND OUTLOOK: In September 2005 the Parsippany-Troy Hills School District passed a \$47.6 million referendum for the expansion of three elementary schools and expansion and renovation of two middle schools and two high schools.

Concurrent with the evolving fiscal issues, the Township is beginning to experience an increase in the growth in student population. The Board of Education is continuing to evaluate its demographic projections through 2011-2012 that remain accurate with one and half to two percent annual growth across the school district. A decrease in student enrollment growth is also being experienced at the middle and high school levels.

The financial condition of the school district is being directly impacted by a catastrophic decrease in State Aid and escalating costs in Special Education. This has created internal pressure on the school budget by forcing maximum property tax increases while future budgets will decrease and Special Education increases and consumes a disproportionately large share of the overall budget. The Board of Education has taken steps to address some of these issues 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 drawn out and challenging negotiations. Special Education costs continue to rise dramatically as a result of both the number of students who are eligible for special education services and out-of-district tuition as well as the individual cost for providing services on a student-by-student basis. As students are presented with greater needs the costs for providing required services are escalating with less support from the State of New Jersey. The failure of the State to provide for special education costs as required under CEIFA has placed an additional burden on the local taxpayer. The shift is also expanding by the State's failure to make its 20th state aid payment for the seventh year in a row, and the added deferral on the 19th payment for the second year along with a substantial reduction in our state aid at the end of the fiscal year, which creates an additional burden for the local property taxpayer.

The renewed funding of capital projects through 40% SDA grant funding have afforded the district the opportunity to replace boilers at Parsippany Hills High School and Brooklawn Middle School, replace windows and doors at Rockaway Meadow Elementary School, create an ADA ramp at Parsippany Hills High School, install fire doors at Central Middle School as well as install emergency generators at Knollwood, Lake Hiawatha, Littleton, and Mount Tabor Elementary Schools. The savings to the taxpayers exceeds \$1.5 million and positively assists the district in achieving their long range facilities goals.

3) MAJOR INITIATIVES: By providing this additional instructional space the Board of Education anticipates that it will be able to maintain current class size and an instructional environment conducive to the effective delivery of the curriculum.

The Parsippany-Troy Hills Township 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 with proficiencies designed to enhance student performance and enable each student to achieve growth within each content area.

In order to provide students with an instructional environment in which they can thrive, the school 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.

It is in the cultural, social, and economic diversity of the Parsippany School District that the Parsippany School 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 tuitions 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 school 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. These opportunities will be expanded with the development of 12 additional classrooms in the next year. The district continues to be challenged by the No Child Left Behind mandates of Adequate Yearly Progress (AYP) in some of the disaggregated sub groupings. The district is choosing a multi-pronged approach to addressing the problems identified in a review of the testing data for each sub group. Each school in the district has directed its site level objects toward the issue of overall student performance and increasing the number of students scoring "advanced proficient" on the state assessments of grades four, eight, and eleven. Additionally, the building level objectives at the secondary schools are focusing their attention on the performance of students in disaggregated sub-groups whose performance has not met AYP.

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 structure 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.

The Honorable President and Members of
the Board of Education
Parsippany-Troy Hills School District
October 15, 2010
Page 4

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 approved by the voters of the municipality. 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 reservations of fund balance at June 30, 2008.

The District also requires internal audits of all student activity accounts.

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) DEBT ADMINISTRATION: As of June 30, 2010, the District's outstanding debt totals \$45,183,000 of serial bonds.

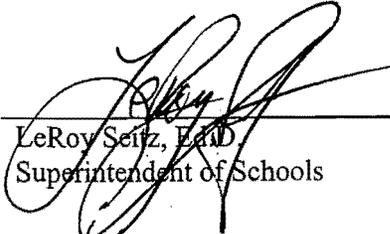
8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under 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. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board oversees Risk Management for the District. A schedule of insurance coverage is found in J-20.

10) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia & Company LLP, CPAs, 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 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's 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.

11) 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 Seitz, Ed.D.
Superintendent of Schools



Marlene D. Wendolowski, RSBO
Business Administrator/Board Secretary

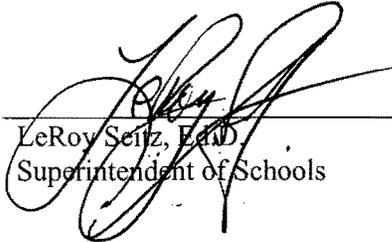
**PARSIPPANY-TROY HILLS TOWNSHIP SCHOOLS
ENROLLMENT COMPARISON
AS OF JUNE 23, 2010**

GRADE	OCT 2008	OCT 2009	MAY 2010	JUNE 2010
K	518	532	543	543
1	514	519	515	515
2	498	524	520	522
3	496	516	512	510
4	534	507	504	506
5	498	558	559	558
K-5 SPECIAL ED	235	282	310	298
K-5	3293	3438	3463	3452
6	519	507	506	506
7	567	524	520	521
8	538	560	563	564
6-8 SPECIAL ED	65	43	43	43
6-8	1689	1634	1632	1634
9	550	530	529	529
10	551	563	563	563
11	522	554	545	550
12	541	522	522	520
9-12 SPECIAL ED	21	27	27	26
9-12	2185	2196	2186	2188
TOTAL	7167	7268	7281	7274
(change from OCT 2008)		101	114	107
OUT OF DISTRICT PLACEMENTS:			PUBLIC	29
			NON-PUBLIC	94
			TOTAL	123
			GRAND TOTAL	7397

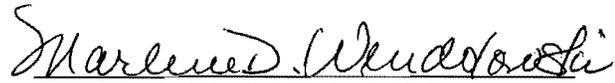
10) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia & Company LLP, CPAs, was selected by the Board's audit committee. In addition to meeting the requirements 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 State Treasury Circular Letter NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's 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.

11) 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 Seitz, Ed.D.
Superintendent of Schools



Marlene D. Wendolowski, RSBO
Business Administrator/Board Secretary

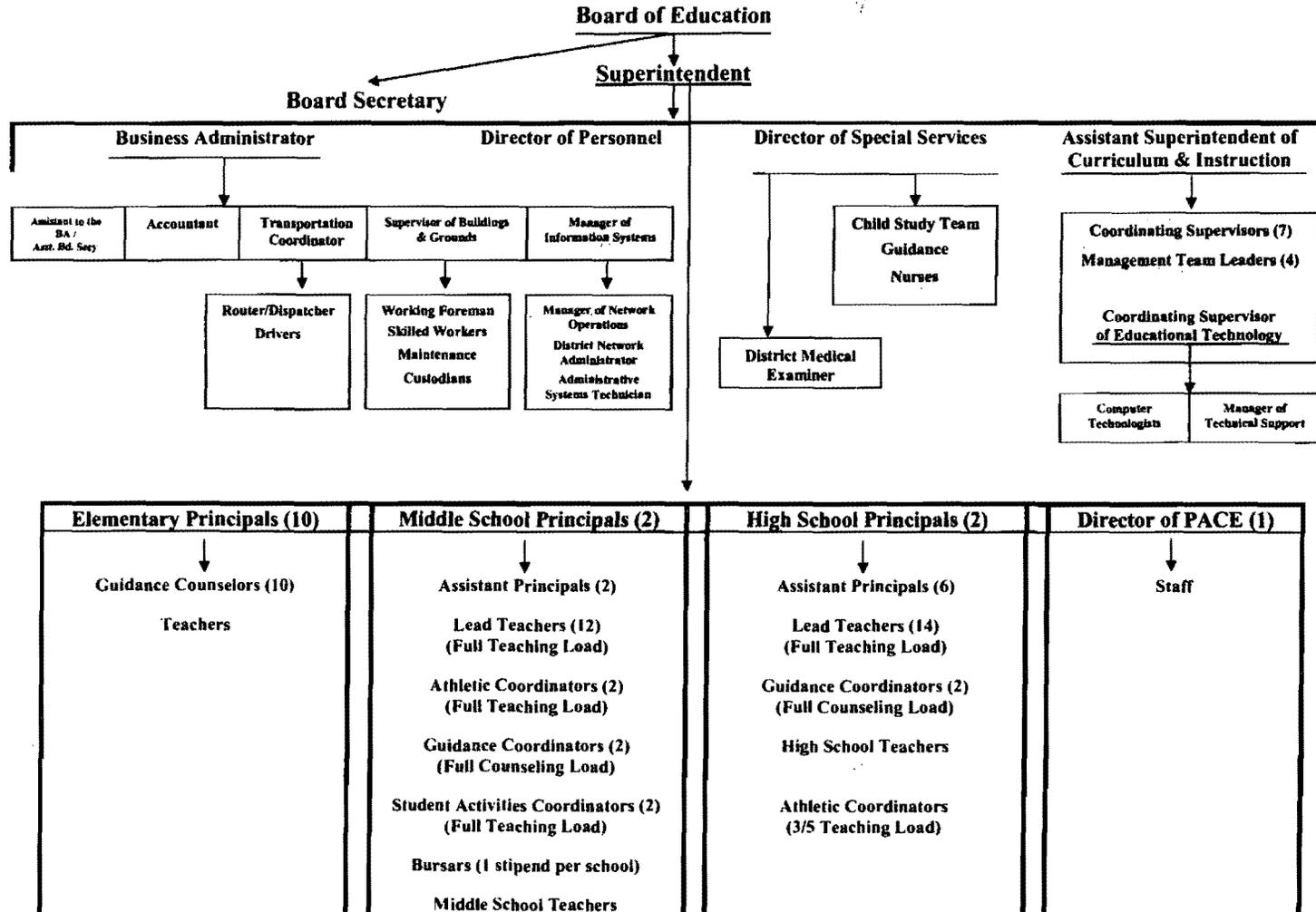
Attach.



Parsippany-Troy Hills Township Schools

Policy 1110

ORGANIZATIONAL CHART



Revised 11-18-08

Policy 1110

ADMINISTRATION
1110/Page 1 of 1
Organizational Chart

POLICY — PARSIPPANY-TROY HILLS
TOWNSHIP SCHOOL DISTRICT

**PARSIPPANY-TROY HILLS SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2010**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Anthony Mancuso, President	2013
Frank Neglia, Vice President	2012
Frank A. Calabria, Ed.D.	2012
Andrew Choffo	2011
Robert Crawford	2011
Fran Orthwein	2013
Debbie Orme	2012
Michael Strumolo	2013
Louis Valorie, Ed.D.	2011

<u>Other Officers</u>	<u>Title</u>
LeRoy Seitz, Ed.D.	Superintendent of Schools
Connie Donvito, Ed.D.	Director of Curriculum
Matthew McGrath	Director of Personnel
Mary Rose Scalo, Ed.D.	Director of Special Services
Marlene D. Wendolowski, RSBO	Business Administrator/Board Secretary
Susan Tindal, RSBS	Asst. to the Business Administrator/Asst. Bd. Secretary
Robin Tedesco	Accountant

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
Consultants and Advisors

Attorney

Weiner Lesniak LLP
629 Parsippany Road
Parsippany, New Jersey 07054

Audit Firm

Nisivoccia & Company LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road Suite 300
Mount Arlington, New Jersey 07856

Official Depository

Provident Bank
401 Smith Road
Parsippany, New Jersey 07054

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road Suite 300
 Mount Arlington, New Jersey 07856
 Phone: 973-328-1825
 Fax: 973-328-0507

Lawrence Business Park
 11 Lawrence Road
 Newton, NJ 07860
 Phone: 973-383-6699
 Fax: 973-383-6555

Independent Auditors' Report

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

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 Board of Education of the Parsippany-Troy Hills School District in the County of Morris as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit 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, and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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 as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2010 on our consideration of the Board of Education of the Parsippany-Troy Hills School District's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

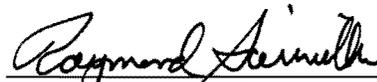
The Honorable President and Members
of the Board of Education
Parsippany-Troy Hills School District
Page 2

The Management Discussion and Analysis and Budgetary Comparison Information on schedule C-1, C-2, C-3 and I-3, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Parsippany-Troy Hills School District's basic financial statements. The accompanying introductory section, other supplementary information such as the combining and individual fund financial statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by 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 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The supplementary combining and individual fund financial statements, supplementary schedules, and the schedules of expenditures of federal and state awards listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

October 15, 2010
Mount Arlington, New Jersey

NISIVOCIA & COMPANY LLP



Raymond G. Sarinelli
Licensed Public School Accountant #864
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)**

This section of the Parsippany-Troy Hills School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the district's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial status remains stable even in light of the Governor's reduction of our 2009-2010 state aid payments that totaled a loss of revenue in the amount of \$2,471,698 for the school year.
- In order to overcome the substantial shortfall in revenue the District eliminated spending in certain budgetary areas and reduced spending in other targeted areas throughout the remainder of the budget year. Additionally, the District appropriated \$318,333 in undesignated surplus from the 2009-2010 school year and combined it with an appropriation of \$1,323,000 from audited excess surplus as identified in the 2008-2009 audit to cover the loss of overall revenue for the year.
- Overall revenue was \$135,851,707.
- Overall expenses were \$136,283,170.
- The 2009-2010 school budget was defeated by the taxpayers. The Township Council approved a tax levy reduction of \$1.3 million dollars thus causing significant reductions in several budget line items.
- Through intensive negotiations the district was able to achieve the elimination of the "Traditional" health benefits plan. That change netted the District a savings in health benefits costs for the 2009-2010 school year of approximately \$600,000. Employees were all moved to the less expensive PPO option.
- The District has received over \$1.6 million dollars in American Recovery Reinvestment Act (ARRA) funding that is specifically designated for the infusion of technology into our special education programs and mainstreamed classrooms.
- Total net assets have decreased by \$431,463 or 1.39%.
- Enrollment increases in the district continue to level off especially in the primary grades as predicted in our demographic study.
- For the fifth year in a row, Administrative costs remain at approximately 26% below the northern region average as calculated by the Department of Education.
- The District continued to pay down its debt by retiring \$1,200,000 of outstanding bonds; that includes a portion of the serial bonds from the \$47.6 million dollar referendum that was approved in September of 2005.
- The District has continued to expand and upgrade its facilities through the, \$47.6 million dollar referendum that is being successfully completed with the installation of expanded parking facilities at Brooklawn and Central Middle Schools as well as Mount Tabor and Lake Hiawatha Elementary Schools. Through the careful use of the districts capital outlay and capital reserve funds and in conjunction with the School Development Authority (SDA) funding the District has completed boiler replacements at Parsippany Hills High School and Brooklawn Middle School, replaced windows and doors at Rockaway Meadow Elementary School, installed an ADA ramp at Parsippany Hills High School and replaced fire doors at Central Middle School and is receiving 40% of the funding through SDA grants. The 40% represents over \$1.15 million dollars in savings to the district for these projects.
- The District in the 2010-2011 year received approval from the SDA for the replacement of boilers at Knollwood Elementary School and window replacements at Mount Tabor Elementary School. The state's 40% share equals \$486,388 for these programs
- The District has also partnered with the Morris County Improvement Authority Solar Energy Project to provide solar panels on four schools within the district that will guarantee the District a reduced energy rate for a 15 year period. The participating schools are Central and Brooklawn Middle Schools, Troy Hills Elementary School and one school yet to be determined. We expect to begin generating those savings in the 2010-2011 school year.
- The District continues to be handicapped by the implementation of S1701 that has restricted the allowable fund balance to 2% or approximately \$2.7 million.

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
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- Through very aggressive negotiations and in complete cooperation with Local 1 the District was able to realize a give back from the union in the amount of \$1.2 million dollars for the 2010-2011 contract. This allowed the district to maintain their custodial staff in house rather than outsourcing the services. This concession saved approximately 75 custodial jobs.
- APSA just completed the second year of a three year contract.
- Three year contracts with PTHEA and ESPATH ended June 30, 2009 and negotiations will be ongoing during the 2010-2011 school year.
- The District is entering the fourth year of negotiations with a new paraprofessional bargaining group during the 2010-2011 school year.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the district's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the district, reporting the district's operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the district operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the district acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the district's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Organization of Parsippany-Troy Hills's Financial Report**

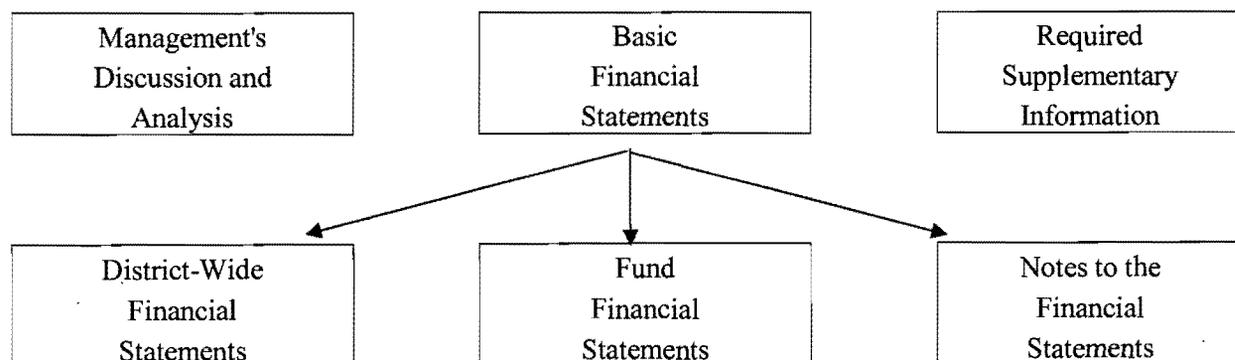


Figure A-2 summarizes the major features of the district's financial statements, including the portion of the district's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

**Management Discussion and Analysis
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Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses, food services	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenue, expenses, changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**Management Discussion and Analysis
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District-wide Statements

The district-wide statements report information about the district as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the district's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the district's *net assets* and how they have changed. Net assets – the difference between the district's assets and liabilities – is one way to measure the district's financial health or *position*.

- Over time, increases or decreases in the district's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the district's overall health, you need to consider additional nonfinancial factors such as changes in the district's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the district's activities are divided into two categories:

- *Governmental activities*: Most of the district's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The district charges fees to help it cover the costs of certain services it provides. The district's food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the district's funds, focusing on its most significant or "major" funds – not the district as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The district establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The district has three kinds of funds:

- *Governmental funds*: Most of the district's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

**Management Discussion and Analysis
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- *Proprietary funds:* Services for which the district charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The district's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The district uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The district currently does not maintain any internal service funds.
- *Fiduciary funds:* The district is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The district excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.
- *Notes to the basic financial statements:* The notes provide information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Assets. The district's combined net assets were \$30,637,617 on June 30, 2010, \$431,463 or 1.39% less than they were the year before. (See Figure A-3).

Figure A-3

Condensed Statement of Net Assets

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	
Current and Other Assets	\$ 12,165,107	\$ 15,586,929	\$ 249,123	\$ 233,070	\$ 12,414,230	\$ 15,819,999	-21.53%
Capital Assets	71,032,591	69,427,365	182,101	175,722	71,214,692	69,603,087	2.32%
Total Assets	<u>83,197,698</u>	<u>85,014,294</u>	<u>431,224</u>	<u>408,792</u>	<u>83,628,922</u>	<u>85,423,086</u>	-2.10%
Long-Term Liabilities	52,167,893	53,091,768			52,167,893	53,091,768	-1.74%
Other Liabilities	775,842	1,145,614	47,570	116,624	823,412	1,262,238	-34.77%
Total Liabilities	<u>52,943,735</u>	<u>54,237,382</u>	<u>47,570</u>	<u>116,624</u>	<u>52,991,305</u>	<u>54,354,006</u>	-2.51%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	22,926,163	20,322,542	182,101	175,722	23,108,264	20,498,264	12.73%
Restricted	9,295,591	12,588,400			9,295,591	12,588,400	-26.16%
Unrestricted/(Deficit)	<u>(1,967,791)</u>	<u>(2,134,030)</u>	<u>201,553</u>	<u>116,446</u>	<u>(1,766,238)</u>	<u>(2,017,584)</u>	12.46%
Total Net Assets	<u>\$ 30,253,963</u>	<u>\$ 30,776,912</u>	<u>\$ 383,654</u>	<u>\$ 292,168</u>	<u>\$ 30,637,617</u>	<u>\$ 31,069,080</u>	-1.39%

Changes in Net Assets. The district's combined net assets decreased \$431,463 or 1.39%. Net assets from governmental activities decreased \$522,949 combined with an increase in net assets from business-type activities of \$91,486. Net assets invested in capital assets increased \$2,610,000 due to a \$1,611,606 increase in capital assets and \$998,394 net reduction in bonds and capital leases payable, restricted net assets decreased \$3,292,809 and unrestricted net assets increased by \$251,346.

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
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**Figure A-4
Changes in Net Assets from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	
Revenue:							
Program Revenue:							
Charges for Services	\$ 2,000,588	\$ 1,858,509	\$ 1,825,265	\$ 1,783,069	\$ 3,825,853	\$ 3,641,578	5.06%
Operating Grants & Contributions	15,272,528	16,190,504	536,429	416,517	15,808,957	16,607,021	-4.81%
Capital Grants and Contributions		251,809				251,809	-100.00%
General Revenue:							
Property Taxes	114,081,533	108,753,288			114,081,533	108,753,288	4.90%
Federal and State Aid	1,485,655	1,912,146			1,485,655	1,912,146	-22.30%
Other	640,500	381,809	9,209	22,310	649,709	404,119	60.77%
Total Revenue	<u>133,480,804</u>	<u>129,348,065</u>	<u>2,370,903</u>	<u>2,221,896</u>	<u>135,851,707</u>	<u>131,569,961</u>	3.25%
Expenses:							
Instruction	70,263,878	68,232,123			70,263,878	68,232,123	2.98%
Pupil and Instruction Services	28,238,842	26,811,804			28,238,842	26,811,804	5.32%
Administrative and Business	10,657,239	10,816,094			10,657,239	10,816,094	-1.47%
Maintenance and Operations	11,718,139	11,666,344			11,718,139	11,666,344	0.44%
Transportation	7,170,884	6,660,792			7,170,884	6,660,792	7.66%
Special Schools	1,561,611	1,475,094			1,561,611	1,475,094	5.87%
Other	4,393,160	4,473,886	2,279,417	2,194,422	6,672,577	6,668,308	0.06%
Total Expenses	<u>134,003,753</u>	<u>130,136,137</u>	<u>2,279,417</u>	<u>2,194,422</u>	<u>136,283,170</u>	<u>132,330,559</u>	2.99%
Increase/(Decrease) in Net Assets	<u>\$ (522,949)</u>	<u>\$ (788,072)</u>	<u>\$ 91,486</u>	<u>\$ 27,474</u>	<u>\$ (431,463)</u>	<u>\$ (760,598)</u>	-43.27%

Revenue Sources. The district's total revenue for the 2009-2010 school year was \$135,851,707. (See Figure A-4). Property taxes accounted for most of the district's revenue with local taxes accounting for \$114,081,533 of the total, or 83.99%. (See Figure A-5). Another 12.73% came from state and federal aid and the remainder from miscellaneous sources. Parsippany-Troy Hills School District basically conducts its operations from the revenues it receives from its local taxpayers.

**Figure A-5
Sources of School District Revenue - Fiscal Year 2010**

	Amount	Percentage
Sources of Income:		
State Formula Aid	\$ 4,727,906	3.48%
Property Taxes	114,081,533	83.99%
Federal and State Categorical Grants	12,566,706	9.25%
Charges for Services	3,825,853	2.82%
Other	649,709	0.46%
	<u>\$ 135,851,707</u>	<u>100.00%</u>

**Management Discussion and Analysis
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The total cost of all programs and services was \$136,283,170. The district's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (77.54 percent). (See Figure A-6). The District's administrative and business activities accounted for 7.82%. The Parsippany-Troy Hills School District operates 14 schools, an administration building and a maintenance building which results in high maintenance costs (8.60 percent).

**Figure A-6
Sources of School District Expenses - Fiscal Year 2010**

Expense Category:	Amount	Percentage
Instruction	\$ 70,263,878	51.56%
Pupil and Instruction Services	28,238,842	20.72%
Administrative and Business	10,657,239	7.82%
Maintenance and Operations	11,718,139	8.60%
Transportation	7,170,884	5.26%
Special Schools	1,561,611	1.15%
Other	6,672,577	4.89%
	<u>\$ 136,283,170</u>	<u>100.00%</u>

Governmental Activities

Net assets from the district's governmental activities decreased by \$431,463 in 2009-2010. Maintaining existing programs with increased regular pupil enrollment and provision of a multitude of special programs and services for disabled pupils place great demands on the district's resources. This is especially true in light of state aid that has been reduced and the last two payments deferred to the subsequent year. The number of veteran teachers retiring is leveling off and therefore reducing the salary savings we have seen in the past few years that helped defray increasing costs. Through sound negotiations the Board of Education has secured a major change in the health benefits program to eliminate the more costly Traditional plan and secure one PPO plan for all staff members, thus providing substantial annual savings for the district.

Careful management of expenses remains essential for the district to sustain its financial health. Among the many significant cost saving actions implemented during the year were:

- Additional in-district special education programs were created to help reduce the number of students serviced in out of district placements costing an average of \$55,000 per student per year plus transportation costs.
- The new Pre-K Inclusion Program continues to grow and provides added tuition income for the district to support the budget.
- The referendum projects created additional special education classrooms so that we can continue to retain and return more students from out of district special education placements, thus assisting the district in controlling special education costs.
- Through \$1.5 million in SDA grant funds the District has replaced boilers at Brooklawn Middle School and Parsippany Hills High School along with the window and door replacements at Rockaway Meadow School, ADA ramp at PHHS and fire door replacements at Central Middle School.
- Internal operations are reviewed annually and where needed revamped to secure additional efficiencies that positively affect the governmental funds:
 - ❖ A central warehouse has allowed the District to purchase with greater efficiency and manage these assets more thoroughly. We look to expand our capabilities and efficiencies with the implementation of the computerized warehousing system.
 - ❖ Mandatory purchasing training has become an annual component of the Administrative Workshops in August of each year and is offered during the year for affected secretarial staff and student activity advisors. Additional individual training is conducted with Administrators who are hired during the school year to ensure that proper purchasing procedures are followed and to maximize purchasing power.

**Management Discussion and Analysis
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- ❖ In an effort to better manage transportation costs the district entered into a multi-year transportation contract starting in 07-08 that provides a guaranteed rate of increase over a four year period for an increase not to exceed 7%. We have just completed the third year of that contract.
- ❖ We continue to tightly monitor student activities funds through means of two internal audits annually in addition to the annual independent audit to ensure accuracy in management of those funds.
- ❖ Budget analysis is ongoing throughout the year in an effort to maximize efficiencies, to redirect funds when needed to cover shortfalls, minimize expenditures in order to secure funds to appropriate for future tax relief and to better forecast when building the subsequent year's budget. The process has been especially heightened this year in light of the loss of over \$2.47 million in state aid.
- ❖ Energy efficient window systems and doors are being installed effectively throughout the district on a planned replacement cycle that, with the efficient boilers, help to defray the rising cost of fuel.
- ❖ The District continues to negotiate efficient ways to manage health insurance costs through the elimination of the Traditional plan securing an annual savings to the District of over \$600,000 in health benefits costs. The latest negotiations with Local 1 netted a savings of over \$500,000 by converting to a POS plan from the District's PPO. These savings will be realized in the 2010-2011 school year.
- ❖ The District is extremely excited about our selection to participate in the Morris County Improvement Authority Solar Energy project that will equip four of our buildings (2 middle schools and 2 elementary schools) with solar energy. This will assist the district with long term energy savings at all of these locations. We are looking forward to expanding that project to include additional buildings so that we can greatly reduce our dependence on electricity especially at peak times.

Due to all the fiscal restraints placed on the District in the realm of 4% budget caps, 2% surplus caps, loss of over \$2.47 million in state aid, escalating energy costs and the like, it is crucial that we continue to examine all expenditures on a regular basis throughout the year now that revenue sources continue to shrink and greater constraints are put on all budget applications such as fund transfers. The declining world market has negatively affected our projected revenues thus causing revenue shortfalls. Bank rates are low and tuition revenue is reduced with more families affected by the jobless rates and the like therefore having fewer discretionary funds to support programs.

It is crucial that the district examine its expenditures carefully and on a regular basis. Increasing parental, student and regulatory demands for new activities and programs must be examined thoroughly. District resources are at their tightest level in a decade. This has caused the district to rely more heavily on bulk purchasing, seeking more requests for proposals and requests for information to maximize our efficiency and reduce our costs while procuring the best and most cost effective services for our district.

Figure A-7 presents the cost of seven major district activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, special schools and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the district's taxpayers by each of these functions.

**Management Discussion and Analysis
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**Figure A-7
Net Cost of Governmental Activities**

	Total Costs of Services		Net Cost of Services	
	2009/10	2008/09	2009/10	2008/09
Instruction	\$ 70,263,878	\$ 68,232,123	60,137,986	\$ 57,456,333
Pupil and Instruction Services	28,238,842	26,811,804	25,391,377	23,855,126
Administrative and Business	10,657,239	10,816,094	9,955,326	10,115,097
Maintenance and Operations	11,718,139	11,666,344	11,136,422	10,881,601
Transportation	7,170,884	6,660,792	5,971,740	5,274,617
Special Schools	1,561,611	1,475,094	(255,374)	(221,345)
Other	4,393,160	4,473,886	4,393,160	4,473,886
	<u>\$ 134,003,753</u>	<u>\$ 130,136,137</u>	<u>\$ 116,730,637</u>	<u>\$ 111,835,315</u>

Business-Type Activities

- Net assets from the district's business-type activity increased \$91,486. (Refer to Figure A-4).

Financial Analysis of the District's Funds

The district's financial position remains relatively stable despite state aid that has been reduced by approximately 35% for 2009-2010 and by over 85% for 2010-2011, increases in energy costs and high cost of health benefits.

As the population of special education students continues to rise, additional in-district special education programs have been created to help slow the rising costs and provide better quality programs for these children. Unfortunately, the district still sends over 130 special education students to out of district placements; many of these children are more profoundly disabled and require more complex educational and related services than the district can provide. The greatest increase in the disabled population continues in the areas of pre-school disabled and autistic children entering the district.

Through extensive negotiations the District has been able to maintain stability in the area of health benefits with our increases over a five year period averaging an increase of 3.3%. This has been achieved through negotiations that eliminated the Traditional health insurance plan and a change from the PPO plan to the POS plan for Local 1.

In a continuing effort to reduce the financial burden on taxpayers, the district maintains the practice of appropriating prior year's fund balance to offset the tax levy to the greatest extent possible. The district appropriated \$3.7 from the 2008-2009 fund balance to support the 2009-2010 budget.

Even with much tighter constraints on the 2009-2010 budget and the loss of state aid the District was still able to transfer fund balance into the capital reserve account to continue to support capital projects as identified in the District's long range facilities plan which had been budgeted for the school year. The transfer allowed the District to delay the projects so the District could secure 40% funding from the SDA.

**Management Discussion and Analysis
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General Fund Budgetary Highlights

Over the course of the year, the district revised the annual operating budget several times. These budget amendments fall into three categories:

- Changes were made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- Funds were redirected to prevent budget overruns in areas of special education tuition, related services and capital equipment replacement.
- Funds to support infrastructure needs were redirected to the site of the work being conducted.

Capital Asset and Debt Administration

**Figure A-8
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2009/2010	2008/09	2009/10	2008/09	2009/10	2008/09	
Land	\$ 3,956,475	\$ 3,956,475			\$ 3,956,475	\$ 3,956,475	0.00%
Buildings and Improvements	17,472,473	18,219,772			17,472,473	18,219,772	-4.10%
Machinery and Equipment	1,954,386	2,325,020	\$ 182,102	\$ 175,722	2,136,488	2,500,742	-14.57%
Construction in Progress	47,649,257	44,926,098			47,649,257	44,926,098	6.06%
Total Capital Assets	\$ 71,032,591	\$ 69,427,365	\$ 182,102	\$ 175,722	\$ 71,214,693	\$ 69,603,087	2.32%

The District's capital assets grew by \$1,611,606. Capital acquisitions and construction in progress were \$3,664,713 offset by depreciation of \$2,053,107. Major acquisitions of the District are mainly the completion of several construction projects, the leasing of equipment and the continued progress of the bond referendum project.

Long-term Debt

At year-end, the District had \$45,183,000 in general obligation bonds outstanding – a reduction of \$1,200,000 – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

**Figure A-9
Outstanding Long-Term Debt**

	Total School District		Percentage Change
	2009/10	2008/09	
General Obligation Bonds (Financed with Property Taxes)	\$ 45,183,000	\$ 46,383,000	-2.59%
Other Long-Term Liabilities	6,984,893	6,970,341	0.21%
	\$ 52,167,893	\$ 53,353,341	-2.38%

**Management Discussion and Analysis
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- The District entered into a lease agreement for the purchase of equipment totaling \$1,005,000 and retired \$803,395 in capital leases
- The District decreased compensated absences payable by \$346,385.
- The District also recorded a reduction of \$71,459 towards the arbitrage rebate payable to the federal government.
- The District reported an increase of \$230,791 for Other Postemployment Benefits in the current year.

Factors Bearing on the District's Future Revenue/Expense Changes

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

1. The District has completed the third year with an unsettled contract with the newly negotiated aides association. The Board successfully negotiated with Local 1 during the 09-10 school year achieving \$1.2 million in concessions thus allowing the District to maintain its own staff and not move to outsourcing of the custodial services. The Board is entering into negotiations with PTHEA and ESPATH during the 2010-2011 school year. The outcome of those negotiations will impact the financial position of the District for years to come.
2. Key health benefit issues and savings have come about with the Board negotiations to eliminate the Traditional plan that netted an annual savings of over \$600,000 and the movement of Local 1 from the PPO to the POS plan that is expected to net an additional annual savings of \$500,000. Additionally the district will realize savings in health benefit costs with the newly implemented staffing contribution of 1.5% of gross salaries to offset the cost of health benefits.
3. The District has completed three years of the multi-year contract for transportation services and has experienced stable transportation costs since annual increases are guaranteed and are not to exceed 7% over the life of the contract. The Board will have to consider options for the upcoming year.
4. With the referendum projects coming to an end, the District expects to have some funds remaining that will be appropriated to offset the debt service for the subsequent school year and provide additional tax relief.
5. Key budgetary factors that will continue to impact on budgetary planning and program implementation are the reduction of state aid of over \$6.2 million dollars for the 2010-2011 school year. As the District moves forward with their planning of the 2011-2012 budget key factors include a new budget cap of 2%, only a little over \$1 million in state aid and the potential loss of over \$700,000 in Extraordinary Aid funding.
6. Since the re-evaluation of the Township six years ago we have experienced an annual decline in the ratables base due to settled tax appeals. The decline in ratables has contributed to the increase in annual taxes and is a key component that the district cannot control. It is the hope of the district that the rate of decline will diminish and possibly level off over the next few years.
7. The board has rededicated its focus on technological upgrades and advancements in instructional opportunities for our students and staff over the next few years. They have increased budgetary allocations through lease purchase to upgrade computers on the elementary level, infuse new technological instructional tools on the middle school level and begin the transition to wireless connectivity within the district. Some of this is currently being accomplished through the receipt of over \$1.6 million in ARRA funding that supports the infusion of technology in our elementary schools to provide for special needs students in both self contained and mainstreamed classrooms.

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)**

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, PO Box 52, Parsippany, New Jersey 07054.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 9,554,134	\$ 85,386	\$ 9,639,520
Receivables from Other Governments	1,717,807	30,160	1,747,967
Other Receivable		118,458	118,458
Interfund Receivable	23,306		23,306
Inventory		15,119	15,119
Restricted Assets:			
Capital Reserve Account - Cash	869,860		869,860
Capital Assets:			
Sites (Land) and Construction in Progress	51,605,732		51,605,732
Depreciable Buildings and Building Improvements and Machinery and Equipment	19,426,859	182,101	19,608,960
Total Assets	<u>83,197,698</u>	<u>431,224</u>	<u>83,628,922</u>
LIABILITIES:			
Accounts Payable - Vendors	499,919	47,570	547,489
Interfunds Payable	11,072		11,072
Deferred Revenue	160,521		160,521
Payable to Federal Government	29,294		29,294
Payable to State Government	75,036		75,036
Noncurrent Liabilities:			
Due Within One Year	2,173,593		2,173,593
Due Beyond One Year	49,994,300		49,994,300
Total Liabilities	<u>52,943,735</u>	<u>47,570</u>	<u>52,991,305</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	22,926,163	182,101	23,108,264
Restricted for:			
Capital Projects	2,227,252		2,227,252
Debt Service	19,489		19,489
Other Purposes	7,048,850		7,048,850
Unrestricted/(Deficit)	(1,967,791)	201,553	(1,766,238)
Total Net Assets	<u>\$ 30,253,963</u>	<u>\$ 383,654</u>	<u>\$ 30,637,617</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 51,971,182		\$ 4,859,512		\$ (47,111,670)		\$ (47,111,670)
Special Education	11,354,873	\$ 183,603	4,571,270		(6,600,000)		(6,600,000)
Other Instruction	4,469,379		352,102		(4,117,277)		(4,117,277)
School Sponsored Instruction	2,468,444		159,405		(2,309,039)		(2,309,039)
Support Services:							
Tuition	8,619,040		1,516,316		(7,102,724)		(7,102,724)
Student Services	14,142,317		1,331,149		(12,811,168)		(12,811,168)
Instruction Services	5,477,485				(5,477,485)		(5,477,485)
General Administrative Services	1,164,924		34,824		(1,130,100)		(1,130,100)
School Administrative Services	6,091,861		477,303		(5,614,558)		(5,614,558)
Central Services	2,435,522		146,468		(2,289,054)		(2,289,054)
Administrative Information Technology	964,932		43,318		(921,614)		(921,614)
Plant Operations and Maintenance	11,718,139		581,717		(11,136,422)		(11,136,422)
Pupil Transportation	7,170,884		1,199,144		(5,971,740)		(5,971,740)
Interest on Long-Term Debt	2,026,635				(2,026,635)		(2,026,635)
Capital Outlay	905,430				(905,430)		(905,430)
Charter Schools	133,619				(133,619)		(133,619)
Special Schools	1,561,611	1,816,985			255,374		255,374
Unallocated Depreciation	1,327,476				(1,327,476)		(1,327,476)
Total Governmental Activities	134,003,753	2,000,588	15,272,528		(116,730,637)		(116,730,637)

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Business-Type Activities:						
Food Service	\$ 2,279,417	\$ 1,825,265	\$ 536,429		\$ 82,277	\$ 82,277
Total Business-Type Activities	<u>2,279,417</u>	<u>1,825,265</u>	<u>536,429</u>		<u>82,277</u>	<u>82,277</u>
Total Primary Government	<u>\$ 136,283,170</u>	<u>\$ 3,825,853</u>	<u>\$ 15,808,957</u>		\$ (116,730,637)	(116,648,360)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				111,498,049		111,498,049
Taxes Levied for Debt Service				2,583,484		2,583,484
Federal and State Aid Not Restricted				1,485,655		1,485,655
Investment Earnings				94,085	200	94,285
Miscellaneous Income				555,424		555,424
Transfers				(9,009)	9,009	
Total General Revenues, Special Items & Transfers				<u>116,207,688</u>	<u>9,209</u>	<u>116,216,897</u>
Change in Net Assets				(522,949)	91,486	(431,463)
Net Assets - Beginning				<u>30,776,912</u>	<u>292,168</u>	<u>31,069,080</u>
Net Assets - Ending				<u>\$ 30,253,963</u>	<u>\$ 383,654</u>	<u>\$ 30,637,617</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

Exhibit B-1

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 8,334,351		\$ 1,210,538	\$ 9,245	\$ 9,554,134
Interfund Receivable	991,000			10,244	1,001,244
Receivables From Federal Government	20,782	\$ 864,520			885,302
Receivables From State Government	807,421	55			807,476
Receivables From Other Governments	25,029				25,029
Restricted Cash and Cash Equivalents	869,860				869,860
Total Assets	<u>\$ 11,048,443</u>	<u>\$ 864,575</u>	<u>\$ 1,210,538</u>	<u>\$ 19,489</u>	<u>\$ 13,143,045</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable - Vendors	454,564	45,355			499,919
Interfund Payable	11,072	683,080	294,858		989,010
Deferred Revenue	128,711	31,810			160,521
Payable to Federal Government		29,294			29,294
Payable to State Government		75,036			75,036
Total Liabilities	<u>594,347</u>	<u>864,575</u>	<u>294,858</u>		<u>1,753,780</u>
Fund Balances:					
Reserved for:					
Encumbrances	1,499,660		735,639		2,235,299
Capital Reserve Account	1,311,572				1,311,572
Emergency Reserve	322,000				322,000
Excess Surplus	2,699,649				2,699,649
Excess Surplus - Designated for Subsequent Year's Expenditures	1,741,295				1,741,295
Adult Education Programs	467,453				467,453
Unreserved, Reported in:					
General Fund:					
Designated for Subsequent Year's Expenditures	318,793				318,793
Unreserved/Undesignated	2,093,674				2,093,674
Capital Projects Fund			180,041		180,041
Debt Service Fund				19,489	19,489
Total Fund Balances	<u>10,454,096</u>		<u>915,680</u>	<u>19,489</u>	<u>11,389,265</u>
Total Liabilities and Fund Balances	<u>\$ 11,048,443</u>	<u>\$ 864,575</u>	<u>\$ 1,210,538</u>	<u>\$ 19,489</u>	<u>13,143,045</u>

Amounts Reported for *Governmental Activities* in the Statement of Net Assets (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 \$98,158,313 and the accumulated depreciation is \$27,125,722.

71,032,591

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(52,167,893)

Net Assets of Governmental Activities

\$ 30,253,963

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 111,498,049			\$ 2,583,484	\$ 114,081,533
Interest Earned on Capital Reserve Funds	4,511				4,511
Miscellaneous	2,638,276	\$ 33,720	\$ 7,310		2,679,306
Total - Local Sources	<u>114,140,836</u>	<u>33,720</u>	<u>7,310</u>	<u>2,583,484</u>	<u>116,765,350</u>
State Sources	13,563,315	214,256		643,151	14,420,722
Federal Sources	165,376	2,138,365			2,303,741
Total Revenue	<u>127,869,527</u>	<u>2,386,341</u>	<u>7,310</u>	<u>3,226,635</u>	<u>133,489,813</u>
EXPENDITURES:					
Current:					
Regular Instruction	38,612,609	768,582			39,381,191
Special Education Instruction	8,377,286	101,443			8,478,729
Other Instruction	3,321,850				3,321,850
School Sponsored Instruction	1,959,883				1,959,883
Support Services and Undistributed Costs:					
Tuition	7,102,724	1,516,316			8,619,040
Student Services	10,978,064				10,978,064
Instruction Services	4,320,904				4,320,904
General Administration Services	888,499				888,499
School Administration Services	4,524,606				4,524,606
Central Services	1,637,641				1,637,641
Administration Information Technology	823,754				823,754
Plant Operations and Maintenance	9,673,943				9,673,943
Pupil Transportation	6,626,853				6,626,853
Unallocated Benefits	26,293,718				26,293,718

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES:					
Debt Service:					
Principal				\$ 1,200,000	\$ 1,200,000
Interest and Other Charges				2,026,635	2,026,635
Capital Outlay	\$ 2,627,622		\$ 2,723,159		5,350,781
Charter School	133,619				133,619
Special Schools	1,559,717				1,559,717
Total Expenditures	<u>129,463,292</u>	<u>\$ 2,386,341</u>	<u>2,723,159</u>	<u>3,226,635</u>	<u>137,799,427</u>
 Excess/(Deficiency) of Revenue over Expenditures	 (1,593,765)		 (2,715,849)		 (4,309,614)
 OTHER FINANCING SOURCES/(USES):					
Capital Leases (Non-Budgeted)	1,005,000				1,005,000
Transfers In			38,688	7,310	45,998
Transfers Out	(47,697)		(7,310)		(55,007)
Total Other Financing Sources/(Uses)	<u>957,303</u>		<u>31,378</u>	<u>7,310</u>	<u>995,991</u>
 Net Change in Fund Balances	 (636,462)		 (2,684,471)	 7,310	 (3,313,623)
Fund Balance—July 1	11,090,558		3,600,151	12,179	14,702,888
 Fund Balance—June 30	 <u>\$ 10,454,096</u>	 <u>\$ -0-</u>	 <u>\$ 915,680</u>	 <u>\$ 19,489</u>	 <u>\$ 11,389,265</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (3,313,623)

Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit 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 outlays exceeded depreciation and disposals of assets with carrying value in the period.

Depreciation expense	\$ (2,036,730)	
Capital outlays	<u>3,641,956</u>	
		1,605,226

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). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

346,385

Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.

1,200,000

Other Postemployment Benefit (OPEB) payable is reported in the Statement of Net Assets but does not require the use of current financial resources and therefore is not reported in the Governmental Funds.

(230,791)

Arbitrage Rebate payable is reported in the Statement of Net Assets but does not require the use of current financial resources and therefore is not reported in the Governmental Funds.

71,459

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

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 Assets and is not reported in the Statement of Activities.	\$ (1,005,000)
Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.	<u>803,395</u>
Total Change in Net Assets - Governmental Activities (Exhibit A-2)	<u><u>\$ (522,949)</u></u>

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	<u>Business-Type Activities - Enterprise Funds</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 85,386
Intergovernmental Accounts Receivable:	
Federal	28,115
State	2,045
Accounts Receivable	118,458
Inventories	15,119
	249,123
Total Current Assets	249,123
Non-Current Assets:	
Capital Assets:	
Capital Assets	734,108
Less: Accumulated Depreciation	(552,007)
	182,101
Total Non-Current Assets	182,101
Total Assets	431,224
LIABILITIES:	
Current Liabilities:	
Accounts Payable - Vendors	47,570
	47,570
Total Liabilities	47,570
NET ASSETS:	
Investment in Capital Assets Net of Related Debt	182,101
Unrestricted	201,553
	\$ 383,654
Total Net Assets	383,654

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Business-Type Activities - Enterprise Funds</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 1,603,151
Special Events	222,114
	1,825,265
Total Operating Revenue	1,825,265
Operating Expenses:	
Cost of Sales	1,000,556
Salaries, Benefits & Payroll Taxes	963,868
Supplies, Insurance & Other Costs	122,136
Management Fee	97,597
Miscellaneous Expenses	78,883
Depreciation Expense	16,377
	2,279,417
Total Operating Expenses	2,279,417
Operating (Loss)	(454,152)
Non-Operating Income:	
Local Sources:	
Interest Income	200
State Sources:	
State School Lunch Program	25,990
Federal Sources:	
National School Lunch Program	351,187
Food Distribution Program	159,252
	536,629
Total Non-Operating Income	536,629
Change in Net Assets Before Operating Transfers	82,477
Operating Transfers In - General Fund	9,009
	91,486
Change in Net Assets	91,486
Net Assets - Beginning of Year	292,168
Net Assets - End of Year	\$ 383,654

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Business-Type Activities - Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,756,716
Payments to Employees	(963,868)
Payments to Food Service Vendor	(1,004,026)
Payments to Suppliers	(201,019)
Net Cash Used for Operating Activities	<u>(412,197)</u>
Cash Flows from Investing:	
Local Sources:	
Interest Income	200
Net Cash Provided by Investing Activities	<u>200</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(22,756)
Net Cash Used for Capital and Related Financing Activities	<u>(22,756)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	31,221
Federal Sources:	
National School Lunch Program	414,272
Operating Transfers In	9,009
Net Cash Provided by Noncapital Financing Activities	<u>454,502</u>
Net Increase in Cash and Cash Equivalents	19,749
Cash and Cash Equivalents, July 1	<u>65,637</u>
Cash and Cash Equivalents, June 30	<u>\$ 85,386</u>
Reconciliation of Operating Loss to Net Cash Provided/(Used) for Operating Activities:	
Operating (Loss)	\$ (454,152)
Adjustment to Reconcile Operating Income to Cash Provided/(Used) for Operating Activities:	
Depreciation	16,377
Food Distribution Program	159,252
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(68,549)
Decrease in Inventory	3,929
(Decrease) in Accounts Payable	(69,054)
Net Cash Used for Operating Activities	<u>\$ (412,197)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$159,252 for the fiscal year ended June 30, 2010.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
ASSETS:			
Cash and Cash Equivalents	\$ 2,480,822	\$ 2,307,982	\$ 27,976
Interfund Receivable		11,072	
Total Assets	<u>2,480,822</u>	<u>2,319,054</u>	<u>27,976</u>
LIABILITIES:			
Interfund Payable	23,306		
Due to Student Groups	455,384		
Payroll Deductions and Withholdings	590,452		
Accrued Salaries and Wages	1,411,680		
Total Liabilities	<u>2,480,822</u>		
NET ASSETS:			
Held in Trust for:			
Unemployment Compensation Claims		2,319,054	
Scholarships			27,976
Total Net Assets	<u>\$ -0-</u>	<u>\$ 2,319,054</u>	<u>\$ 27,976</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Unemployment Compensation Trust	Private Purpose Scholarship Trust
Additions:		
Contributions:		
Plan Contributions	\$ 207,529	
Donations		\$ 19,522
Total Contributions	207,529	19,522
Investment Earnings:		
Interest	8,006	73
Net Investment Earnings	8,006	73
Total Additions	215,535	19,595
Deductions		
Unemployment Compensation Claims	224,754	
Scholarships Awarded		17,908
Total Deductions	224,754	17,908
Change in Net Assets	(9,219)	1,687
Net Assets - Beginning of the Year	2,328,273	26,289
Net Assets - End of the Year	\$ 2,319,054	\$ 27,976

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Parsippany-Troy Hills School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 Board's accounting policies are described below.

A. Reporting Entity

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The 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.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include 10 elementary schools, 2 middle schools, and 2 high schools located in the Township of Parsippany-Troy Hills. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

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

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board Resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that 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 is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's 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.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund, Unemployment Compensation Insurance Trust Fund and Private Purpose Trust Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

Reports for the District's Food Service Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. 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 referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize this payment on the GAAP financial statements. The capital projects fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants. Grants are recognized in full in the year the grants are awarded on the budgetary basis; but, are not recognized on the GAAP basis until they are expended and submitted for reimbursement

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 127,909,367	\$ 3,406,023
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, whereas the GAAP Basis does not		(1,019,682)
Prior Year State Aid Payment Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	592,004	
State Aid Payment Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(631,844)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 127,869,527	\$ 2,386,341

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 129,463,292	\$ 3,406,023
Differences - Budget 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.		(1,019,682)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 129,463,292	\$ 2,386,341
		Capital Projects Fund
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule - State Sources - SDA Grants Grant Revenue not Recognized on GAAP Basis		\$ 25,792 (25,792)
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		\$ -0-
		Capital Projects Fund
Reserve for Encumbrances		\$ 735,639
Unreserved Total Fund Balance - Budgetary Basis		1,351,334 2,086,973
Reconciliation to Governmental Funds Statements (GAAP):		
Grant Receivable not Recognized on GAAP Basis		(1,171,292)
Fund Balance per Governmental Funds (GAAP)		\$ 915,681

E. Cash and Cash Equivalents

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents (Cont'd)

New Jersey school districts are limited as to type 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 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 of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has a pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenue at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

I. Short-term Interfund Receivables/Payables

Short-term 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.

J. Inventories and Prepaid Expenses

Inventories and prepaid expenses, 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. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

K. Capital Assets

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

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

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Accrued Salaries and Wages

Certain District employees, who provide 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 undisbursed amounts be retained in a separate bank account. As of June 30, 2010, the amount earned by these employees but not disbursed was \$1,411,680.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

M. Long Term Liabilities

In the District-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond issuance costs, as expenditures in 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 expenditures.

N. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for 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.

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. 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 district-wide *Statement of Net Assets*, 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.

O. Deferred Revenue

Deferred revenue in the Special Revenue Fund represents cash which has been received but not yet earned. See Note 1(D) regarding the Special Revenue Fund.

P. Fund Balance Appropriated

General Fund: Of the \$10,454,096 General Fund fund balance at June 30, 2010, \$1,499,660 is reserved for encumbrances; \$1,311,572 is reserved in the capital reserve account; \$322,000 is reserved in an emergency reserve; \$467,453 is reserved for Adult Education Programs, \$2,699,649 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) and will be appropriated and included as anticipated revenue for the year ending June 30, 2012; \$1,741,295 is reserved as prior year excess surplus and has been appropriated and included as anticipated revenue for the year ending June 30, 2011, \$318,793 is unreserved and has been appropriated and included as anticipated revenue for the year ending June 30, 2011, and \$2,093,674 is unreserved and undesignated which is \$631,844 less than the calculated maximum unreserved fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2011.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated (Cont'd)

Capital Projects Fund: Of the \$915,680 Capital Projects Fund fund balance at June 30, 2010, \$735,639 is reserved for encumbrances and \$180,041 is unreserved and undesignated which includes the exclusion of \$1,171,292 of SDA Grants receivable not recognized on a GAAP Basis.

Debt Service Fund: Of the \$19,489 Debt Service Fund fund balance at June 30, 2010 is \$12,179 is unreserved and has been appropriated and included as anticipated revenue for the year ending June 30, 2011 and \$7,310 which is unreserved and undesignated.

Calculation of Excess Surplus: The designation for Reserved 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 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 year's budget. The excess fund balance at June 30, 2010 is \$1,741,295. The excess fund balance at June 30, 2009 was \$3,064,295. Pursuant to the provisions of Executive Order No. 14, \$1,323,000 of that amount was approved by the Commissioner of the Department of Education for withdrawal to address any budget shortfall in the general fund account group due to the 2009-2010 withholding of state aid.

The District's unreserved/undesignated fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$631,844 as reported in the fund financial statements (modified accrual basis). P.L. 2004, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payment and not the fund balance reported on the fund statement which excludes the last state aid payment.

Q. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

R. Deficit Net Assets

The District has a deficit in unrestricted net assets from governmental activities in the amount of \$1,967,791 primarily due to the accrual of compensated absences of \$3,325,672, arbitrage rebate payable of \$190,114 and OPEB payable of \$545,679.

This deficit does not mean that the District is facing financial difficulties and is a permitted practice by generally accepted accounting principles.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditures. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, an emergency reserve, a capital reserve, adult education programs and excess surplus as defined by State law.

T. Revenue - Exchange and Nonexchange Transactions

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest and tuition.

U. Operating Revenue and Expenses

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

V. Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. 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.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

Deposits:

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, the Federal Savings and Loan 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.

New Jersey statutes 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.

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2010, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Capital Reserve Account	Total
Checking and Savings Accounts	\$ 14,456,300	\$ 869,860	\$ 15,326,160

During the period ended June 30, 2010, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2010, was \$15,326,160 and the bank balance was \$16,934,518.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Parsippany-Troy Hills School 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 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. 6:23A-5.1(d)7, 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, 2009 to June 30, 2010 fiscal year is as follows:

Balance July 1, 2009	\$ 507,061
Interest Earnings	4,511
Budget Addition Approved by the Voters	200,000
Transferred by Board Resolution - June 29, 2010	<u>600,000</u>
Balance June 30, 2010	<u><u>\$ 1,311,572</u></u>

The balance in the capital reserve at June 30, 2010 did not exceed the balance of the local support costs of uncompleted capital projects in the District's approved LRFP.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2010, the District transferred \$21,876 to the capital outlay accounts for equipment which did not require approval of the County Superintendent.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2010 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 3,956,475			\$ 3,956,475
Construction in Progress	44,926,098	\$ 2,723,159		47,649,257
Total Capital Assets Not Being Depreciated	<u>48,882,573</u>	<u>2,723,159</u>		<u>51,605,732</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	39,534,799	580,177		40,114,976
Machinery and Equipment	7,284,636	338,620	\$ (1,185,651)	6,437,605
Total Capital Assets Being Depreciated	<u>46,819,435</u>	<u>918,797</u>	<u>(1,185,651)</u>	<u>46,552,581</u>
Governmental Activities Capital Assets	<u>95,702,008</u>	<u>3,641,956</u>	<u>(1,185,651)</u>	<u>98,158,313</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(21,315,027)	(1,327,476)		(22,642,503)
Machinery and Equipment	(4,959,616)	(709,254)	1,185,651	(4,483,219)
	<u>(26,274,643)</u>	<u>(2,036,730)</u>	<u>1,185,651</u>	<u>(27,125,722)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 69,427,365</u>	<u>\$ 1,605,226</u>	<u>\$ -0-</u>	<u>\$ 71,032,591</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 711,352	\$ 22,757		\$ 734,109
Less Accumulated Depreciation	<u>(535,630)</u>	<u>(16,377)</u>		<u>(552,007)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 175,722</u>	<u>\$ 6,380</u>	<u>\$ -0-</u>	<u>\$ 182,102</u>

The district had active construction project expenditures totaling \$2,723,159 as of June 30, 2010. These projects include boiler replacements at 2 schools, an ADA upgrade, emergency generators at 4 schools, window and door replacements at 2 schools and a bond referendum for various improvements. At year end, the District had \$735,639 in outstanding construction encumbrances.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 73,701
Special Education	626
School-Sponsored	19,837
Student Services	5,073
Instructional Services	2,562
Operations and Maintenance of Plant	154,306
Student Transportation	167,534
Central Services	285,615
Unallocated	1,327,476
	<u>\$ 2,036,730</u>

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2010, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2009</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2010</u>
Compensated Absences Payable	\$ 3,672,057	\$ 460,359	\$ 806,744	\$ 3,325,672
Serial Bonds Payable	46,383,000		1,200,000	45,183,000
Arbitrage Rebate Payable	261,573		71,459	190,114
Other Postemployment Benefit Payable	314,888	230,791		545,679
Capital Leases Payable	2,721,823	1,005,000	803,395	2,923,428
	<u>\$53,353,341</u>	<u>\$ 1,696,150</u>	<u>\$ 2,881,598</u>	<u>\$52,167,893</u>

A. Bonds and Loans Payable:

Bonds are authorized in accordance with State law 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 Board are general obligation bonds and will be liquidated through the Debt Service Fund.

The District had bonds outstanding as of June 30, 2010 as follows:

<u>Issue Date</u>	<u>Serial Bonds</u>		<u>Amount</u>
	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	
8/15/2006	8/15/2031	4.25 - 4.50%	<u>\$ 45,183,000</u>

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

<u>Year</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2011	\$ 1,250,000	\$ 1,973,041	\$ 3,223,041
2012	1,350,000	1,916,166	3,266,166
2013	1,500,000	1,853,823	3,353,823
2014	1,600,000	1,786,010	3,386,010
2015	1,700,000	1,713,822	3,413,822
2016-2020	10,000,000	7,333,175	17,333,175
2021-2025	11,700,000	4,918,013	16,618,013
2026-2030	11,750,000	2,296,800	14,046,800
2031-2032	4,333,000	186,728	4,519,728
	<u>\$ 45,183,000</u>	<u>\$ 23,977,578</u>	<u>\$ 69,160,578</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2010, the District has no bonds authorized but not issued.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

C. Capital Leases Payable:

The District is leasing a phone system, several buses and various equipment under capital leases valued at \$6,124,515 of which \$3,201,087 has been amortized. All capital leases are for terms of three to five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2010.

Year	Amount
2011	\$ 1,170,633
2012	984,064
2013	640,423
2014	421,635
2015	209,368
	3,426,123
Less: Amount representing interest	(502,695)
Present value of net minimum lease payments	\$ 2,923,428

The current portion of Capital Leases payable at June 30, 2010 is \$923,593 and the long-term portion is \$1,999,835 and will be liquidated through the General Fund.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The long-term liability balance of compensated absences is \$3,325,672 which is reported in the governmental funds and will be liquidated through the General Fund.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2010, no liability existed for compensated absences in the Food Service Fund.

E. Arbitrage Rebate Payable:

The District issued serial bonds on August 15, 2006 in the amount of \$47,633,000. As a result of this issue, the District is subject to arbitrage payable to the federal government on August 15, 2011. As of June 30, 2010, the District has reflected an arbitrage payable in the amount of \$190,114. This liability is recorded only in the District-wide financial statements and will be required to be raised by the District in the General Fund budget in the year the liability is payable.

F. Other Postemployment Benefit Payable:

The liability for other postemployment benefits of the governmental fund types is recorded in the long-term liabilities. The long-term liability balance of other postemployment benefits is \$545,679 which is reported in the governmental funds. See Note 9 for further information on these benefits.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. These systems are sponsored and administered by the State of New Jersey. The TPAF 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 non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Vesting occurs after 8 to 10 years of service.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. Under state statute, the District is a noncontributing employer of the TPAF. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

<u>Three-Year Trend for TPAF (Paid on-behalf of District)</u>			
<u>Year Funding</u> <u>June 30,</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2010	\$ -0-	100.00%	\$ -0-
2009	-0-	100.00%	-0-
2008	3,986,592	100.00%	3,986,592

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PERS for local employers for State fiscal years 2005-2008. The local employer PERS normal and accrued liability contributions required for State fiscal years 2005-2008 are as follows:

- 20% for payments due in State fiscal year 2005
- Not more than 40% for payments due in State fiscal year 2006
- Not more than 60% for payments due in State fiscal year 2007
- Not more than 80% for payments due in State fiscal year 2008

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

Year Funding June 30,	Three-Year Trend for PERS		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 1,216,633	100.00%	\$ 1,216,633
2009	1,014,329	100.00%	1,014,329
2008	891,070	80.00%	712,856

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and 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. Chapter 103 of Public Laws 2007 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, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, of Public Laws 1994. 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 Chapter 126 of Public Laws 1992, which provides free health benefits to members of PERS, TPAF and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. In fiscal year 2009, the State paid \$116.0 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

The State's on behalf Post Retirement Medical Contributions for TPAF for the District amount to \$3,542,960 \$3,363,511, and \$4,536,316 for 2010, 2009, and 2008, respectively.

Effective for the 2008-09 fiscal year, the Parsippany-Troy Hills School District implemented Government Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment health care benefits provided by the Board of Education. Statement No. 45 requires governments to account for other postemployment 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 Assets over time. The requirements of this Statement are being implemented prospectively, with the actuarially accrued liability for the benefits of \$4,698,793 at the June 30, 2009 date of transition being amortized over 30 years. Accordingly, for financial reporting purposes, no liability is reported for the postemployment health care benefits liability at the date of transition.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 9. POST-RETIREMENT BENEFITS (Cont'd)

Plan Description

The District provides postemployment medical benefits, including prescription drug coverage, and vision and dental care, in accordance with state statute, to active employees, participating retirees and their beneficiaries. As of June 30, 2009 and 2010, the valuation date, approximately 6 retirees, 2 deceased, and 4 active members meet the eligibility requirements put forth in P.L. 1992, c 126. 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 school 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.

Funding Policy

The obligations of the plan members and school 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 school district's annual OPEB cost 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 over a period not to exceed 30 years. The following table shows the components of the school district's annual OPEB cost for the year, the amount actually contributed to the plan and the District's net OPEB obligation to the Plan at June 30, 2009 and 2010.

	Benefit Obligations and Normal Cost	
	6/30/2009	6/30/2010
Actuarial accrued liability (AAL)	\$ 4,698,793	\$ 4,553,604
Unfunded actuarial accrued liability (UAAL)	\$ 4,698,793	\$ 4,553,604
Normal cost at beginning of year	\$ 105,854	\$ 181,880
Amortization factor based on 30 years	\$ 209,034	\$ 244,457
Annual covered payroll	\$ 76,007,148	\$ 77,527,291
UAAL as a percentage of covered payroll	6.18%	5.87%

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 9. POST-RETIREMENT BENEFITS (Cont'd)

Level Dollar Amortization		
Calculation of ARC under Entry Age Method		
	6/30/2009	6/30/2010
ARC normal cost with interest to end of year	\$ 105,854	\$ 181,880
Amortization of unfunded actuarial accrued liability (UAAL) over 30 years with interest at year end	209,034	244,457
	314,888	426,337
Interest on net OPEB obligation	-0-	6,298
Adjustment to OPEB	-0-	(11,246)
Pay as you go benefits	-0-	-0-
Annual OPEB cost (expense)	-0-	-0-
Age Adjusted Contributions	-0-	(190,598)
Net OPEB obligation beginning of Year	-0-	314,888
Net OPEB obligation end of Year	\$ 314,888	\$ 545,679

Funded Status and Funding Progress

As of June 30, 2009 and 2010, the actuarial accrued liability for benefits was \$4,698,793 and \$4,553,604, respectively, all of which was unfunded.

Actuarial Valuations

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and health care 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 (as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of 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, 2009 and 2010 actuarial valuations, the liabilities were computed using the entry age method and level dollar amortization over 30 years. The actuarial assumptions include a 2.5% discount rate and an initial health care 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%.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 10. RISK MANAGEMENT

The District maintains commercial insurance coverage for property, liability, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

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 coverages through Horizon Blue Cross Blue Shield and Delta Dental, respectively.

Property and Liability

The Parsippany-Troy Hills School District is a member of the Pooled Insurance Program of New Jersey (the "Fund"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. However, the Parsippany-Troy Hills School District receives only workers' compensation coverage from the Fund. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. 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 local 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.

Selected, summarized financial information for the Fund as of June 30, 2009 is as follows:

	<u>Pooled Insurance Program of New Jersey</u>
Total Assets	\$ 18,004,519
Net Assets	\$ 5,003,407
Total Revenue	\$ 7,294,019
Total Expenses	\$ 5,800,018
Change in Net Assets	\$ 1,494,001
Net Assets Distribution to Participating Members	\$ 1,030,793

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

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

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

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009-2010	\$ -0-	\$ 8,006	\$ 207,529	\$ 224,754	\$ 2,319,054
2008-2009	-0-	13,322	160,709	166,586	2,328,273
2007-2008	-0-	49,003	150,039	142,544	2,320,828

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 991,000	\$ 11,072
Special Revenue Fund		683,080
Capital Projects Fund		294,858
Debt Service Fund	10,244	
Fiduciary Funds	11,072	23,306
	<u>\$ 1,012,316</u>	<u>\$ 1,012,316</u>

During the fiscal year ended June 30, 2010, the General Fund transferred \$38,688 to the Capital Projects Fund which represented the Board's share of SDA approved Capital Projects under the Educational Facilities and Capital Financing Act. The General Fund also transferred \$9,009 to the Enterprise Fund. The Capital Projects Fund interfund payable represents the balance of completed projects transferred back to the General Fund in 2009 and interest earned due to the Debt Service Fund for the years 2009 and 2010, which are unable to be liquidated due to the large receivable from the State of New Jersey for SDA funded grants.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 12 ECONOMIC DEPENDENCY

The Board of Education 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, may have an effect on the Board of Education's programs and activities.

NOTE 13. DEFERRED COMPENSATION

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

403(b) Plan Administrators

Vanguard

Great West Insurance Company

Washington National Insurance

Lincoln National Insurance Company

Fidelity Investments

Travelers Insurance Company

Metropolitan Insurance Company

Lincoln Investments Planning

457 Plan Administrators

Great West Insurance Company

Innovative Wealthcare Solutions

Lincoln Investments Planning

Lincoln National Insurance Company

NOTE 14. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipalities and are remitted to the local school district on a predetermined mutually agreed-upon schedule.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

The school district participates in state and federally assisted grant program. The programs are subject to program compliance audits by grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically involved in claims and lawsuits arising from operations. The District estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial statements of the District.

BUDGETARY COMPARISON SCHEDULES

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 111,498,049		\$ 111,498,049	\$ 111,498,049	
Tuition - From Individuals	217,000	\$ 200,371	417,371	183,603	\$ (233,768)
Interest Earned on Capital Reserve Funds	10,000		10,000	4,511	(5,489)
Miscellaneous	2,272,487	(200,371)	2,072,116	2,454,673	382,557
Total - Local Sources	113,997,536		113,997,536	114,140,836	143,300
State Sources:					
Special Education Categorical Aid	4,314,950		4,314,950	2,847,366	(1,467,584)
Transportation Aid	1,627,763		1,627,763	1,058,046	(569,717)
Equalization Aid	781,533	(141,806)	639,727	421,337	(218,390)
Security Aid	617,164		617,164	401,157	(216,007)
Extraordinary Aid	490,666		490,666	753,141	262,475
Nonpublic Transportation Aid				54,280	54,280
On-Behalf TPAF Noncontributory Insurance (non-budgeted)				188,642	188,642
On-Behalf TPAF Post Retirement Benefit Contributions (non-budgeted)				3,542,960	3,542,960
Reimbursed TPAF Social Security Contributions (non-budgeted)				4,336,226	4,336,226
Total State Sources	7,832,076	(141,806)	7,690,270	13,603,155	5,912,885
Federal Sources:					
Medicaid Reimbursement	40,082		40,082	23,570	(16,512)
Equalization Aid - ARRA ESF		136,521	136,521	136,521	
Equalization Aid - ARRA GSF		5,285	5,285	5,285	
Total Federal Sources	40,082	141,806	181,888	165,376	(16,512)
TOTAL REVENUES	121,869,694		121,869,694	127,909,367	6,039,673

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 1,622,458	\$ (35,000)	\$ 1,587,458	\$ 1,585,889	\$ 1,569
Grades 1-5 - Salaries of Teachers	11,987,521	(1,396)	11,986,125	11,984,142	1,983
Grades 6-8 - Salaries of Teachers	10,023,503	(50,463)	9,973,040	9,972,438	602
Grades 9-12 - Salaries of Teachers	12,522,858	(221,622)	12,301,236	12,296,685	4,551
Regular Programs - Home Instruction:					
Salaries of Teachers	202,829	(64,300)	138,529	132,058	6,471
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	1,004,275	(40,000)	964,275	949,784	14,491
Other Purchased Services (400-500 series)	56,432	(1,897)	54,535	38,556	15,979
General Supplies	1,195,149	517,353	1,712,502	930,007	782,495
Textbooks	785,051	(111,127)	673,924	671,420	2,504
Other Objects	57,887	(4,821)	53,066	51,630	1,436
Total Regular Programs - Instruction	39,457,963	(13,273)	39,444,690	38,612,609	832,081
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	1,752,721		1,752,721	1,547,915	204,806
Other Salaries for Instruction	370,528		370,528	360,372	10,156
Purchased Professional-Educational Services	1,000		1,000	250	750
General Supplies	12,439		12,439	10,894	1,545
Total Learning and/or Language Disabilities	2,136,688		2,136,688	1,919,431	217,257
Behavioral Disabilities:					
Salaries of Teachers	157,559		157,559	130,415	27,144
Other Salaries for Instruction	57,543		57,543	49,673	7,870
General Supplies	1,030		1,030	630	400
Total Behavioral Disabilities	216,132		216,132	180,718	35,414

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Special Education (Cont'd):					
Multiple Disabilities:					
Salaries of Teachers	\$ 645,384	\$ (114,702)	\$ 530,682	\$ 527,026	\$ 3,656
Other Salaries for Instruction	113,086	(45,693)	67,393	67,393	
General Supplies	4,120		4,120	3,833	287
Textbooks	2,512		2,512	866	1,646
Total Multiple Disabilities	<u>765,102</u>	<u>(160,395)</u>	<u>604,707</u>	<u>599,118</u>	<u>5,589</u>
Resource Room/Resource Center:					
Salaries of Teachers	4,144,537	356,197	4,500,734	4,500,734	
Other Salaries for Instruction	99,275	(99,275)			
General Supplies	23,600		23,600	13,614	9,986
Total Resource Room/Resource Center	<u>4,267,412</u>	<u>256,922</u>	<u>4,524,334</u>	<u>4,514,348</u>	<u>9,986</u>
Autism:					
Salaries of Teachers	254,969	3,656	258,625	243,713	14,912
Other Salaries for Instruction	120,667	(3,656)	117,011	94,796	22,215
General Supplies	2,860		2,860	696	2,164
Total Autism	<u>378,496</u>		<u>378,496</u>	<u>339,205</u>	<u>39,291</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	568,912	25,464	594,376	594,376	
Other Salaries for Instruction	472,378	(121,991)	350,387	223,698	126,689
General Supplies	7,188		7,188	6,392	796
Total Preschool Disabilities - Part-Time	<u>1,048,478</u>	<u>(96,527)</u>	<u>951,951</u>	<u>824,466</u>	<u>127,485</u>
Total Special Education Instruction	<u>8,812,308</u>		<u>8,812,308</u>	<u>8,377,286</u>	<u>435,022</u>

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 1,999,584	\$ (18,420)	\$ 1,981,164	\$ 1,778,824	\$ 202,340
General Supplies	3,000		3,000		3,000
Total Basic Skills/Remedial - Instruction	<u>2,002,584</u>	<u>(18,420)</u>	<u>1,984,164</u>	<u>1,778,824</u>	<u>205,340</u>
Bilingual Education - Instruction:					
Salaries of Teachers	1,250,592	18,420	1,269,012	1,269,012	
Other Salaries for Instruction	13,616		13,616	6,002	7,614
General Supplies	2,550		2,550	1,674	876
Total Bilingual Education - Instruction	<u>1,266,758</u>	<u>18,420</u>	<u>1,285,178</u>	<u>1,276,688</u>	<u>8,490</u>
Vocational Programs - Local - Instruction:					
Salaries of Teachers	237,903	6,117	244,020	244,020	
Other Salaries for Instruction	4,700	(4,700)			
Other Purchased Services (400-500 series)	16,110	(1,417)	14,693	11,325	3,368
General Supplies	16,825		16,825	10,993	5,832
Total Vocational Programs - Local - Instruction	<u>275,538</u>		<u>275,538</u>	<u>266,338</u>	<u>9,200</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	456,158		456,158	357,850	98,308
Purchased Services (300-500 series)	10,117		10,117	7,597	2,520
Supplies and Materials	30,073	(1,900)	28,173	20,160	8,013
Other Objects	71,740	9,900	81,640	61,918	19,722
Total School-Sponsored Cocurricular Activities - Instruction	<u>568,088</u>	<u>8,000</u>	<u>576,088</u>	<u>447,525</u>	<u>128,563</u>

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 1,314,165	\$ (2,400)	\$ 1,311,765	\$ 1,132,448	\$ 179,317
Purchased Services (300-500 series)	144,702	(9,000)	135,702	95,757	39,945
Supplies and Materials	160,150	(7,000)	153,150	146,790	6,360
Other Objects	65,406	15,000	80,406	70,913	9,493
Transfers to Cover Deficit (Agency Funds)	70,000	2,400	72,400	66,450	5,950
Total School-Sponsored Cocurricular Athletics - Instruction	<u>1,754,423</u>	<u>(1,000)</u>	<u>1,753,423</u>	<u>1,512,358</u>	<u>241,065</u>
Total Instruction	<u>54,137,662</u>	<u>(6,273)</u>	<u>54,131,389</u>	<u>52,271,628</u>	<u>1,859,761</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	1,396,347	(25,275)	1,371,072	1,234,672	136,400
Tuition to County Vocational School District - Regular	850,640		850,640	792,974	57,666
Tuition to County Vocational School District - Special	32,767		32,767	15,123	17,644
Tuition to County Vocational School District - Regional Day Schools	740,570	(80,000)	660,570	619,225	41,345
Tuition to Private Schools for the Handicapped - Within State	5,007,832	(518,609)	4,489,223	4,379,531	109,692
Tuition - State Facilities	60,124	1,075	61,199	61,199	
Tuition - Other	60,624	(60,624)			
Total Undistributed Expenditures - Instruction	<u>8,148,904</u>	<u>(683,433)</u>	<u>7,465,471</u>	<u>7,102,724</u>	<u>362,747</u>
Health Services:					
Salaries	1,486,962		1,486,962	1,484,759	2,203
Purchased Professional and Technical Services	7,289	3,000	10,289	7,810	2,479
Other Purchased Services (400-500 series)	2,000		2,000		2,000
Supplies and Materials	13,834		13,834	12,217	1,617
Other Objects	4,438		4,438	3,061	1,377
Total Health Services	<u>1,514,523</u>	<u>3,000</u>	<u>1,517,523</u>	<u>1,507,847</u>	<u>9,676</u>

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Speech, OT, PT and Related Services:					
Salaries	\$ 727,738		\$ 727,738	\$ 726,233	\$ 1,505
Purchased Professional - Educational Services		\$ 8,000	8,000	8,000	
Supplies and Materials	6,342	1,000	7,342	7,246	96
Other Objects	5,900		5,900	5,864	36
Total Other Support Services - Students - Related Services	739,980	9,000	748,980	747,343	1,637
Other Support Services - Students - Extra Services:					
Salaries	1,981,532	(8,000)	1,973,532	1,840,007	133,525
Purchased Professional - Educational Services	798,311	820,000	1,618,311	1,283,648	334,663
Total Other Support Services - Students - Extra Services	2,779,843	812,000	3,591,843	3,123,655	468,188
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	2,814,395	(13,507)	2,800,888	2,693,917	106,971
Salaries of Secretarial and Clerical Assistants	395,287	13,507	408,794	408,794	
Other Salaries	6,760		6,760	935	5,825
Purchased Professional - Educational Services	7,500		7,500	5,140	2,360
Supplies and Materials	5,172	(155)	5,017	4,034	983
Other Objects	800	155	955	955	
Total Other Support Services - Students - Guidance	3,229,914		3,229,914	3,113,775	116,139
Other Support Services - Students - Child Study Team					
Salaries of Other Professional Staff	2,641,865	(1,104)	2,640,761	2,436,025	204,736
Purchased Professional and Technical Services	6,000		6,000	4,990	1,010
Miscellaneous Purchased Services (400-500 series O/than Resid Costs)	11,500		11,500	8,735	2,765
Supplies and Materials	31,500	4,500	36,000	35,694	306
Total Other Support Services - Students - Child Study Team	2,690,865	3,396	2,694,261	2,485,444	208,817

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	\$ 1,044,588	\$ (3,883)	\$ 1,040,705	\$ 1,001,042	\$ 39,663
Salaries of Secretarial and Clerical Assistants	272,287	3,822	276,109	275,414	695
Other Salaries	4,680	61	4,741	4,741	
Other Purchased Services (400-500)	24,246		24,246	7,389	16,857
Supplies and Materials	6,000		6,000	4,661	1,339
Other Objects	44,250		44,250	36,190	8,060
Total Improvement of Instructional Services	1,396,051		1,396,051	1,329,437	66,614
Educational Media Services/School Library:					
Salaries	1,939,805	(339)	1,939,466	1,801,410	138,056
Purchased Professional and Technical Services	79,576		79,576	78,694	882
Other Purchased Services (400-500 series)	801,617	2,701	804,318	616,274	188,044
Supplies and Materials	200,052	(2,362)	197,690	183,023	14,667
Other Objects	27,020		27,020	26,996	24
Total Educational Media Services/School Library	3,048,070		3,048,070	2,706,397	341,673
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	186,314		186,314	186,314	
Salaries of Other Professional Staff	28,000		28,000	1,469	26,531
Salaries of Secretarial and Clerical Assistants	30,254		30,254	30,254	
Other Purchased Services (400-500 series)	3,000		3,000		3,000
Supplies and Materials	7,081		7,081	6,400	681
Other Objects	85,698		85,698	60,633	25,065
Total Instructional Staff Training Services	340,347		340,347	285,070	55,277

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - General Administration:					
Salaries	\$ 337,618		\$ 337,618	\$ 325,578	\$ 12,040
Legal Services	264,078		264,078	121,291	142,787
Audit Fees	175,000		175,000	85,000	90,000
Communications/Telephone	322,854	\$ 175	323,029	239,604	83,425
BOE Other Purchased Services	17,965	11,500	29,465	15,663	13,802
Other Purchased Services (400-500 series) (Other than 530 & 585)	19,500	(19,500)			
General Supplies	7,021	14,619	21,640	12,846	8,794
BOE In-House Training/ Meeting Supplies	14,619	(14,619)			
Judgments Against the School District	43,000		43,000	13,000	30,000
Miscellaneous Expenditures	84,355		84,355	75,517	8,838
Total Support Services - General Administration	1,286,010	(7,825)	1,278,185	888,499	389,686
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	2,580,074	(50,073)	2,530,001	2,503,985	26,016
Salaries of Secretarial and Clerical Assistants	1,888,837	35,294	1,924,131	1,907,214	16,917
Other Salaries	36,400	14,779	51,179	51,179	
Other Purchased Services (400-500 series)	41,267	1,900	43,167	37,325	5,842
Supplies and Materials	41,758	(239)	41,519	24,903	16,616
Total Support Services - School Administration	4,588,336	1,661	4,589,997	4,524,606	65,391
Support Services - Central Services:					
Salaries	1,346,344	23,004	1,369,348	1,369,348	
Purchased Professional Services	83,790	(1,520)	82,270	68,550	13,720
Miscellaneous Purchased Services (400-500 series)	63,183		63,183	32,782	30,401
Supplies and Materials	139,114	(200)	138,914	65,319	73,595
Interest on Lease Purchase Agreements	106,689		106,689	95,704	10,985
Miscellaneous Expenditures	7,000	200	7,200	5,938	1,262
Total Support Services - Central Services	1,746,120	21,484	1,767,604	1,637,641	129,963

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - Administration Information Technology:					
Salaries	\$ 383,824	\$ 21,166	\$ 404,990	\$ 404,990	
Purchased Technical Services	47,397	(565)	46,832	34,374	\$ 12,458
Other Purchased Services (400-500 series)	357,395	(34,235)	323,160	290,566	32,594
Supplies and Materials	91,073		91,073	81,857	9,216
Other Objects	22,780		22,780	11,967	10,813
Total Support Services - Administration Information Technology	902,469	(13,634)	888,835	823,754	65,081
Required Maintenance of School Facilities:					
Salaries	1,519,399	(22,000)	1,497,399	1,359,956	137,443
Cleaning, Repair and Maintenance Services	593,026	(40,156)	552,870	440,451	112,419
General Supplies	341,613	33,050	374,663	325,721	48,942
Other Objects	8,500	3,090	11,590	11,590	
Total Required Maintenance of School Facilities	2,462,538	(26,016)	2,436,522	2,137,718	298,804
Custodial Services:					
Salaries	3,929,968	(2,301)	3,927,667	3,922,124	5,543
Purchased Professional and Technical Services	4,774		4,774	3,520	1,254
Cleaning, Repair and Maintenance Services	39,917	7,392	47,309	44,983	2,326
Insurance	494,559	(3,975)	490,584	408,679	81,905
Miscellaneous Purchased Services	234,015	112,034	346,049	336,928	9,121
General Supplies	233,510	15,939	249,449	228,546	20,903
Energy (Electricity)	3,257,001	(394,473)	2,862,528	2,434,963	427,565
Total Custodial Services	8,193,744	(265,384)	7,928,360	7,379,743	548,617
Security:					
Salaries	143,098	13,384	156,482	156,482	
Total Security	143,098	13,384	156,482	156,482	

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Student Transportation Services:					
Salaries for Transportation - Between Home & School - Regular	\$ 127,998	\$ (22,510)	\$ 105,488	\$ 105,488	
Salaries for Transportation - Between Home & School - Special	853,748	126,062	979,810	977,143	\$ 2,667
Other Purchased Professional and Technical Services	58,100	1,565	59,665	55,007	4,658
Cleaning, Repair and Maintenance Services	192,252	36,526	228,778	201,098	27,680
Contracted Services:					
Between Home and School - Vendors	2,562,375	(88,820)	2,473,555	2,464,060	9,495
Other than Between Home and School - Vendors	168,235	1,800	170,035	133,024	37,011
Between Home and School - Joint Agreements	236,017		236,017	200,190	35,827
Special Education Students - Vendors	2,510		2,510	2,151	359
Regular Students - ESCs & CTSA's	12,715		12,715	11,542	1,173
Special Education Students - ESCs & CTSA's	2,008,072	278,020	2,286,092	2,073,539	212,553
Aid in Lieu of Payments - Nonpublic Students	333,941	1,699	335,640	333,536	2,104
Miscellaneous Purchased Services - Transportation	34,714		34,714	859	33,855
General Supplies	136,781	(69,639)	67,142	67,086	56
Other Objects	6,000	(3,870)	2,130	2,130	
Total Student Transportation Services	6,733,458	260,833	6,994,291	6,626,853	367,438
Unallocated Benefits:					
Social Security Contributions	1,499,784	10,618	1,510,402	1,510,239	163
Other Retirement Contributions - PERS	1,212,293	(52,770)	1,159,523	1,159,523	
Unemployment Compensation	49,094		49,094	49,094	
Workmen's Compensation	437,554	(26,566)	410,988	410,988	
Health Benefits	14,663,631	109,664	14,773,295	14,704,055	69,240
Tuition Reimbursement	258,411	94,227	352,638	342,966	9,672
Other Employee Benefits	60,198	(11,173)	49,025	49,025	
Total Unallocated Benefits	18,180,965	124,000	18,304,965	18,225,890	79,075

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
On-Behalf Contributions:					
On-Behalf TPAF Noncontributory Insurance (non-budgeted)				\$ 188,642	\$ (188,642)
On-Behalf TPAF Post Retirement Benefit Contributions (non-budgeted)				3,542,960	(3,542,960)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				4,336,226	(4,336,226)
Total On-Behalf Contributions				8,067,828	(8,067,828)
Total Personal Services - Employee Benefits	\$ 18,180,965	\$ 124,000	\$ 18,304,965	26,293,718	(7,988,753)
Total Undistributed Expenses	68,125,235	252,466	68,377,701	72,870,706	(4,493,005)
TOTAL CURRENT EXPENSE	122,262,897	246,193	122,509,090	125,142,334	(2,633,244)
CAPITAL OUTLAY:					
Equipment:					
Learning and/or Language Disabilities	2,500	(408)	2,092		2,092
Undistributed Expenditures:					
Instruction	42,000	7,413	49,413	39,440	9,973
Support Services - Students - Regular	39,480	(16,100)	23,380	23,380	
Operation & Maintenance of Plant Services	74,993	9,095	84,088	58,960	25,128
Central Services	5,368	(5,368)			
Non-Instructional Services		5,368	5,368	5,368	
Total Equipment	164,341		164,341	127,148	37,193
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	218,517	4,200	222,717	58,624	164,093
Construction Services	1,186,515	(42,888)	1,143,627	633,458	510,169
Lease Purchase Agreements - Principal	803,394		803,394	803,392	2
Total Facilities Acquisition and Construction Services	2,208,426	(38,688)	2,169,738	1,495,474	674,264

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CAPITAL OUTLAY:					
Assets Acquired Under Capital Leases (Non Budgeted)				\$ 1,005,000	\$ (1,005,000)
TOTAL CAPITAL OUTLAY	\$ 2,372,767	\$ (38,688)	\$ 2,334,079	2,627,622	(293,543)
SPECIAL SCHOOLS					
Adult Education - Local:					
Instruction:					
Salaries of Teachers	343,954	(31,047)	312,907	307,941	4,966
Other Salaries for Instruction	491,304	(23,329)	467,975	466,062	1,913
Purchased Professional and Technical Services	70,280		70,280	64,175	6,105
General Supplies	233,733		233,733	166,537	67,196
Other Objects	23,653		23,653	21,524	2,129
Total Instruction	1,162,924	(54,376)	1,108,548	1,026,239	82,309
Support Services:					
Salaries	295,223	3,329	298,552	251,066	47,486
Personal Services - Employee Benefits	212,196		212,196	181,913	30,283
Other Purchased Services (400-500 series)	76,027	51,047	127,074	94,282	32,792
Supplies and Materials	7,200		7,200	6,217	983
Total Support Services	590,646	54,376	645,022	533,478	111,544
Total Adult Education - Local	1,753,570		1,753,570	1,559,717	193,853
TOTAL SPECIAL SCHOOLS	1,753,570		1,753,570	1,559,717	193,853
Transfer of Funds to Charter Schools	131,800	60,624	192,424	133,619	58,805
TOTAL EXPENDITURES	126,521,034	268,129	126,789,163	129,463,292	(2,674,129)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(4,651,340)	(268,129)	(4,919,469)	(1,553,925)	3,365,544

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources/(Uses):					
Capital Leases (Non-Budgeted)				\$ 1,005,000	\$ 1,005,000
Operating Transfers Out:					
Transfer to Capital Projects Fund - From Capital Outlay		(38,688)	\$ (38,688)	(38,688)	
Transfer to Food Service Fund	\$ (2,581)	(11,516)	(14,097)	(9,009)	5,088
Total Other Financing Sources/(Uses)	(2,581)	(50,204)	(52,785)	957,303	1,010,088
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(4,653,921)	(318,333)	(4,972,254)	(596,622)	4,375,632
Fund Balance, July 1	11,682,562		11,682,562	11,682,562	
Fund Balance, June 30	\$ 7,028,641	\$ (318,333)	\$ 6,710,308	\$ 11,085,940	\$ 4,375,632
<u>Recapitulation:</u>					
Reserve for Encumbrances				\$ 1,499,660	
Excess Surplus - Designated for Subsequent Year's Expenditures				1,741,295	
Excess Surplus				2,699,649	
Legally Restricted - Adult Education Programs				467,453	
Capital Reserve				1,311,572	
Emergency Reserve				322,000	
Unreserved Designated for Subsequent Year's Expenditures				318,793	
Unreserved/Undesignated				2,725,518	
				11,085,940	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				(631,844)	
Fund Balance per Governmental Funds (GAAP)				\$ 10,454,096	

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 57,804	\$ 57,804	\$ 32,986	\$ (24,818)
State Sources	\$ 241,262	48,030	289,292	171,121	(118,171)
Federal Sources	1,976,188	2,281,796	4,257,984	3,201,916	(1,056,068)
Total Revenues	2,217,450	2,387,630	4,605,080	3,406,023	(1,199,057)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	289,475	189,585	479,060	365,408	113,652
Other Salaries for Instruction		161,053	161,053	11,760	149,293
Purchased Professional and Technical Services	171,514	62,747	234,261	118,902	115,359
Tuition	1,628,000	14,146	1,642,146	1,516,316	125,830
General Supplies		988,796	988,796	480,027	508,769
Textbooks	29,682	1,436	31,118	31,118	
Other Objects		5,800	5,800	480	5,320
Total Instruction	2,118,671	1,423,563	3,542,234	2,524,011	1,018,223
Support Services:					
Salaries of Supervisors of Instruction		8,272	8,272	2,710	5,562
Salaries of Other Professional Staff		9,870	9,870	9,870	
Salaries of Secretarial and Clerical Assistants		1,400	1,400	756	644
Personal Services - Employee Benefits	58,713	33,517	92,230	51,257	40,973
Purchased Professional - Educational Services		207,835	207,835	143,702	64,133
Other Purchased Professional Services	40,066	4,849	44,915	36,902	8,013
Other Purchased Services		245,339	245,339	209,578	35,761
Supplies and Materials		31,479	31,479	5,931	25,548
Miscellaneous Expenditures		259	259	59	200
Total Support Services	98,779	542,820	641,599	460,765	180,834

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Facilities Acquisitons:					
Non-Instructional Equipment		\$ 421,247	\$ 421,247	\$ 421,247	
Total Facilities Acquisitons		421,247	421,247	421,247	
Total Expenditures	<u>\$ 2,217,450</u>	<u>\$ 2,387,630</u>	<u>\$ 4,605,080</u>	<u>\$ 3,406,023</u>	<u>\$ 1,199,057</u>

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 127,909,367	\$ 3,406,023
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, whereas the GAAP Basis does not		(1,019,682)
Prior Year State Aid Payment Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	592,004	
State Aid Payment Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(631,844)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 127,869,527</u>	<u>\$ 2,386,341</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 129,463,292	\$ 3,406,023
Differences - Budget 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.		<u>(1,019,682)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 129,463,292</u>	<u>\$ 2,386,341</u>

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 and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. 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 referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from the GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording these state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	No Child Left Behind			
	Title I	Title I Carryover	Title II A	Title II A Carryover
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 222,166	\$ 27,742	\$ 61,223	\$ 50,624
Total Revenue	222,166	27,742	61,223	50,624
EXPENDITURES:				
Instruction:				
Salaries of Teachers	180,165	24,295	53,419	44,171
Other Salaries for Instruction				
Purchased Professional and Technical Services				
Tuition				
General Supplies	4,892			
Textbooks				
Other Objects				
Total Instruction	185,057	24,295	53,419	44,171
Support Services:				
Salaries of Supervisors of Instruction				
Salaries of Other Professional Staff				
Salaries of Secretarial and Clerical Assistants				
Personal Services - Employee Benefits	26,322	3,447	7,804	6,453
Purchased Professional - Educational Services	4,500			
Other Purchased Professional Services				
Other Purchased Services (400-500 Series)	748			
Supplies and Materials	5,539			
Miscellaneous Expenditures				
Total Support Services	37,109	3,447	7,804	6,453
Facilities Acquisition:				
Non-Instructional Equipment				
Total Facilities Acquisition				
Total Expenditures	\$ 222,166	\$ 27,742	\$ 61,223	\$ 50,624

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	No Child Left Behind			
	Title II D	Title II D Carryover	Title III	Title III Carryover
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 2,037	\$ 1,879	\$ 5,314	\$ 59,998
Total Revenue	2,037	1,879	5,314	59,998
EXPENDITURES:				
Instruction:				
Salaries of Teachers				6,956
Other Salaries for Instruction				5,870
Purchased Professional and Technical Services				1,265
Tuition				
General Supplies			3,567	35,524
Textbooks				
Other Objects				
Total Instruction			3,567	49,615
Support Services:				
Salaries of Supervisors of Instruction			910	1,800
Salaries of Other Professional Staff				
Salaries of Secretarial and Clerical Assistants			756	
Personal Services - Employee Benefits			58	1,119
Purchased Professional - Educational Services	2,037	1,788		
Other Purchased Professional Services				
Other Purchased Services (400-500 Series)			23	7,104
Supplies and Materials		91		301
Miscellaneous Expenditures				59
Total Support Services	2,037	1,879	1,747	10,383
Facilities Acquisition:				
Non-Instructional Equipment				
Total Facilities Acquisition				
Total Expenditures	\$ 2,037	\$ 1,879	\$ 5,314	\$ 59,998

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>No Child Left Behind</u>			<u>IDEA Part B</u>
	<u>Title III Immigrant Carryover</u>	<u>Title IV</u>	<u>Title IV Carryover</u>	<u>Basic</u>
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 73,267	\$ 5,106	\$ 11,712	\$ 1,412,829
Total Revenue	<u>73,267</u>	<u>5,106</u>	<u>11,712</u>	<u>1,412,829</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	54,402			
Other Salaries for Instruction				
Purchased Professional and Technical Services		3,666		
Tuition				1,390,919
General Supplies	14,703	1,440		
Textbooks				
Other Objects				
Total Instruction	<u>69,105</u>	<u>5,106</u>		<u>1,390,919</u>
Support Services:				
Salaries of Supervisors of Instruction				
Salaries of Other Professional Staff			9,870	
Salaries of Secretarial and Clerical Assistants				
Personal Services - Employee Benefits	4,162		1,442	
Purchased Professional - Educational Services				21,910
Other Purchased Professional Services				
Other Purchased Services (400-500 Series)			400	
Supplies and Materials				
Miscellaneous Expenditures				
Total Support Services	<u>4,162</u>		<u>11,712</u>	<u>21,910</u>
Facilities Acquisition:				
Non-Instructional Equipment				
Total Facilities Acquisition				
Total Expenditures	<u>\$ 73,267</u>	<u>\$ 5,106</u>	<u>\$ 11,712</u>	<u>\$ 1,412,829</u>

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>IDEA Part B</u>		<u>American Recovery and Reinvestment Act</u>	
	<u>Basic Carryover</u>	<u>Preschool</u>	<u>IDEA Part B Basic</u>	<u>IDEA Part B Preschool</u>
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 91,117	\$ 57,639	\$ 1,110,492	\$ 8,771
Total Revenue	<u>91,117</u>	<u>57,639</u>	<u>1,110,492</u>	<u>8,771</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Other Salaries for Instruction			5,890	
Purchased Professional and Technical Services				
Tuition	67,758	57,639		
General Supplies			397,298	3,841
Textbooks				
Other Objects				
Total Instruction	<u>67,758</u>	<u>57,639</u>	<u>403,188</u>	<u>3,841</u>
Support Services:				
Salaries of Supervisors of Instruction				
Salaries of Other Professional Staff				
Salaries of Secretarial and Clerical Assistants				
Personal Services - Employee Benefits			450	
Purchased Professional - Educational Services	23,359		85,178	4,930
Other Purchased Professional Services				
Other Purchased Services (400-500 Series)			200,429	
Supplies and Materials				
Miscellaneous Expenditures				
Total Support Services	<u>23,359</u>		<u>286,057</u>	<u>4,930</u>
Facilities Acquisition:				
Non-Instructional Equipment			421,247	
Total Facilities Acquisition			<u>421,247</u>	
Total Expenditures	<u>\$ 91,117</u>	<u>\$ 57,639</u>	<u>\$ 1,110,492</u>	<u>\$ 8,771</u>

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Non-Public</u>		<u>Non-Public Auxiliary</u>	
	<u>Textbook</u>	<u>Nursing</u>	<u>Compensatory Education</u>	<u>Transportation</u>
REVENUE:				
Local Sources				
State Sources	\$ 31,118	\$ 36,902	\$ 20,826	\$ 11,908
Federal Sources				
Total Revenue	<u>31,118</u>	<u>36,902</u>	<u>20,826</u>	<u>11,908</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Other Salaries for Instruction				
Purchased Professional and Technical Services			20,826	11,908
Tuition				
General Supplies				
Textbooks	31,118			
Other Objects				
Total Instruction	<u>31,118</u>		<u>20,826</u>	<u>11,908</u>
Support Services:				
Salaries of Supervisors of Instruction				
Salaries of Other Professional Staff				
Salaries of Secretarial and Clerical Assistants				
Personal Services - Employee Benefits				
Purchased Professional - Educational Services				
Other Purchased Professional Services		36,902		
Other Purchased Services (400-500 Series)				
Supplies and Materials				
Miscellaneous Expenditures				
Total Support Services		<u>36,902</u>		
Facilities Acquisition:				
Non-Instructional Equipment				
Total Facilities Acquisition				
Total Expenditures	<u>\$ 31,118</u>	<u>\$ 36,902</u>	<u>\$ 20,826</u>	<u>\$ 11,908</u>

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Non-Public Handicapped</u>			
	<u>Examination and Classification</u>	<u>Corrective Speech</u>	<u>Home Instruction</u>	<u>Supplemental Instruction</u>
REVENUE:				
Local Sources				
State Sources	\$ 21,581	\$ 25,556	\$ 55	\$ 23,175
Federal Sources				
Total Revenue	<u>21,581</u>	<u>25,556</u>	<u>55</u>	<u>23,175</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Other Salaries for Instruction				
Purchased Professional and Technical Services	21,581	25,556	55	23,175
Tuition				
General Supplies				
Textbooks				
Other Objects				
Total Instruction	<u>21,581</u>	<u>25,556</u>	<u>55</u>	<u>23,175</u>
Support Services:				
Salaries of Supervisors of Instruction				
Salaries of Other Professional Staff				
Salaries of Secretarial and Clerical Assistants				
Personal Services - Employee Benefits				
Purchased Professional - Educational Services				
Other Purchased Professional Services				
Other Purchased Services (400-500 Series)				
Supplies and Materials				
Miscellaneous Expenditures				
Total Support Services				
Facilities Acquisition:				
Non-Instructional Equipment				
Total Facilities Acquisition				
Total Expenditures	<u>\$ 21,581</u>	<u>\$ 25,556</u>	<u>\$ 55</u>	<u>\$ 23,175</u>

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Local Grants	Totals June 30, 2010
REVENUE:		
Local Sources	\$ 32,986	\$ 32,986
State Sources		171,121
Federal Sources		3,201,916
Total Revenue	32,986	3,406,023
EXPENDITURES:		
Instruction:		
Salaries of Teachers	2,000	365,408
Other Salaries for Instruction		11,760
Purchased Professional and Technical Services	10,870	118,902
Tuition		1,516,316
General Supplies	18,762	480,027
Textbooks		31,118
Other Objects	480	480
Total Instruction	32,112	2,524,011
Support Services:		
Salaries of Supervisors of Instruction		2,710
Salaries of Other Professional Staff		9,870
Salaries of Secretarial and Clerical Assistants		756
Personal Services - Employee Benefits		51,257
Purchased Professional - Educational Services		143,702
Other Purchased Professional Services		36,902
Other Purchased Services (400-500 Series)	874	209,578
Supplies and Materials		5,931
Miscellaneous Expenditures		59
Total Support Services	874	460,765
Facilities Acquisition:		
Non-Instructional Equipment		421,247
Total Facilities Acquisition		421,247
Total Expenditures	\$ 32,986	\$ 3,406,023

CAPITAL PROJECTS FUND

Exhibit F-1

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

Revenue:

State Sources - SDA Grants	\$ 25,792
Interest Earned	7,310
Total Revenues	<u>33,102</u>

Expenditures:

Purchased Professional and Technical Services	102,071
Construction Services	2,490,132
Other Objects	130,956
Total Expenditures	<u>2,723,159</u>

Excess/(Deficiency) of Revenue Over/(Under) Expenditures (2,690,057)

Other Financing Sources/(Uses):

Operating Transfers In/(Out)	
General Fund - Capital Outlay	38,688
Debt Service Fund	<u>(7,310)</u>

Total Other Financing Sources/(Uses) 31,378

Excess/(Deficiency) of Revenues and Other Financing Sources
Over/(Under) Expenditures and Other Financing (Uses) (2,658,679)

Fund Balance - Beginning Balance 4,745,651

Fund Balance - Ending Balance \$ 2,086,972

Recapitulation:

Reserve for Encumbrances	\$ 735,639
Unreserved Fund Balance	1,351,333
	<u>2,086,972</u>

Reconciliation to Governmental Funds Statements (GAAP):

SDA Grant Receivable not Recognized on GAAP Basis	<u>(1,171,292)</u>
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Fund Balance per Governmental Funds (GAAP) \$ 915,680

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
BOND REFERENDUM - VARIOUS SCHOOL RENOVATIONS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 47,633,000		\$ 47,633,000	\$ 47,633,000
Total Revenues	47,633,000		47,633,000	47,633,000
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	\$ 4,286,785	\$ 89,312	\$ 4,376,097	\$ 4,424,765
Construction Services	37,688,472	194,160	37,882,632	39,385,398
Contingency	899,952		899,952	932,210
Other Objects	1,783,951	130,956	1,914,907	2,065,627
Transfer to Debt Service Fund	825,000		825,000	825,000
Total Expenditures and Other Financing Uses	45,484,160	414,428	45,898,588	6,573,354,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 2,148,840	\$ (414,428)	\$ 1,734,412	\$ (6,525,721,000)
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	9/2005			
Bond Authorized	\$ 47,633,000			
Bonds Issued	\$ 47,633,000			
Original Authorized Cost	\$ 47,633,000			
Revised Authorized Cost	\$ 47,633,000			
Percentage Increase over Original Authorized Cost	-0-			
Percentage Completion	1%			
Original Target Completion Date	9/2007			
Revised Target Completion Date	12/2009			

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
CENTRAL MIDDLE SCHOOL FIRE DOORS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 52,160		\$ 52,160	\$ 52,160
Transfer from Capital Reserve	78,240		78,240	78,240
Total Revenues	130,400		130,400	130,400
Expenditures:				
Purchased Professional and Technical Services	9,722	\$ 733	10,455	11,000
Construction Services		107,150	107,150	117,900
Miscellaneous Expenditures				1,500
Total Expenditures	9,722	107,883	117,605	130,400
Excess/(Deficiency) of Revenue and Other Financing Sources				
Over/(Under) Expenditures and Other Financing Uses	\$ 120,678	\$ (107,883)	\$ 12,795	\$ -0-
Additional Project Information:				
Project Number	3950-060-09-1004			
Grant Date	1/15/2009			
Bond Authorized	N/A			
Original Authorized Cost	\$ 130,400			
Revised Authorized Cost	\$ 130,400			
Percentage Increase over Original Authorized Cost	-0-			
Percentage Completion	90%			
Original Target Completion Date	12/2009			
Revised Target Completion Date	12/2009			

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
BROOKLAWN MIDDLE SCHOOL BOILER REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 251,840		\$ 251,840	\$ 251,840
Transfer from Capital Reserve	377,760		377,760	377,760
Total Revenues	629,600		629,600	629,600
Expenditures:				
Purchased Professional and Technical Services	65,465	\$ 4,325	69,790	72,000
Construction Services	15,200	474,176	489,376	544,100
Miscellaneous Expenditures				13,500
Total Expenditures	80,665	478,501	559,166	629,600
Excess/(Deficiency) of Revenue and Other Financing Sources				
Over/(Under) Expenditures and Other Financing Uses	\$ 548,935	\$ (478,501)	\$ 70,434	\$ -0-
Additional Project Information:				
Project Number	3950-055-09-1003			
Grant Date	1/15/2009			
Bond Authorized	N/A			
Original Authorized Cost	\$ 629,600			
Revised Authorized Cost	\$ 629,600			
Percentage Increase over Original Authorized Cost	-0-			
Percentage Completion	89%			
Original Target Completion Date	12/2009			
Revised Target Completion Date	12/2009			

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
ROCKAWAY MEADOW ELEMENTARY SCHOOL WINDOW AND DOOR REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 185,840		\$ 185,840	\$ 185,840
Transfer from Capital Reserve	278,760		278,760	278,760
Total Revenues	464,600		464,600	464,600
Expenditures:				
Purchased Professional and Technical Services	56,303	\$ 3,351	59,654	65,000
Construction Services	6,270	322,730	329,000	399,600
Total Expenditures	62,573	326,081	388,654	464,600
Excess/(Deficiency) of Revenue and Other Financing Sources				
Over/(Under) Expenditures and Other Financing Uses	\$ 402,027	\$ (326,081)	\$ 75,946	\$ -0-
Additional Project Information:				
Project Number	3950-107-09-1001			
Grant Date	1/15/2009			
Bond Authorized	N/A			
Original Authorized Cost	\$ 464,600			
Revised Authorized Cost	\$ 464,600			
Percentage Increase over Original Authorized Cost	-0-			
Percentage Completion	83.65%			
Original Target Completion Date	12/2009			
Revised Target Completion Date	12/2009			

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
PARSIPPANY HILLS HIGH SCHOOL BOILER REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 388,560		\$ 388,560	\$ 388,560
Transfer from Capital Reserve	582,840		582,840	582,840
Total Revenues	971,400		971,400	971,400
Expenditures:				
Purchased Professional and Technical Services	86,265	\$ 4,350	90,615	88,000
Construction Services	15,200	745,803	761,003	869,900
Miscellaneous Expenditures				13,500
Total Expenditures	101,465	750,153	851,618	971,400
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 869,935	\$ (750,153)	\$ 119,782	\$ -0-
Additional Project Information:				
Project Number	3950-053-09-1002			
Grant Date	1/15/2009			
Bond Authorized	N/A			
Original Authorized Cost	\$ 971,400			
Revised Authorized Cost	\$ 971,400			
Percentage Increase over Original Authorized Cost	-0-			
Percentage Completion	88%			
Original Target Completion Date	12/2009			
Revised Target Completion Date	12/2009			

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
PARSIPPANY HILLS HIGH SCHOOL ADA RAMP
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 29,500		\$ 29,500	\$ 29,500
Transfer from Capital Reserve	44,250		44,250	44,250
Total Revenues	73,750		73,750	73,750
Expenditures:				
Purchased Professional and Technical Services	8,238		8,238	8,250
Construction Services	4,275	\$ 58,885	63,160	64,500
Miscellaneous Expenditures				1,000
Total Expenditures	12,513	58,885	71,398	73,750
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 61,237	\$ (58,885)	\$ 2,352	\$ -0-
Additional Project Information:				
Project Number	3950-053-09-1005			
Grant Date	1/15/2009			
Bond Authorized	N/A			
Original Authorized Cost	\$ 73,750			
Revised Authorized Cost	\$ 73,750			
Percentage Increase over Original Authorized Cost	-0-			
Percentage Completion	97%			
Original Target Completion Date	12/2009			
Revised Target Completion Date	12/2009			

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
KNOLLWOOD ELEMENTARY SCHOOL EMERGENCY GENERATORS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 63,780	\$ 7,575	\$ 71,355	\$ 71,355
Transfer from Capital Outlay	95,670	11,363	107,033	107,033
Total Revenues	<u>159,450</u>	<u>18,938</u>	<u>178,388</u>	<u>178,388</u>
Expenditures:				
Construction Services		159,199	159,199	178,388
Total Expenditures		<u>159,199</u>	<u>159,199</u>	<u>178,388</u>
Excess/(Deficiency) of Revenue and Other Financing Sources				
Over/(Under) Expenditures and Other Financing Uses	<u>\$ 159,450</u>	<u>\$ (140,261)</u>	<u>\$ 19,189</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number	3950-065-09-1006			
Grant Date	5/20/2009			
Bond Authorized	N/A			
Original Authorized Cost	\$ 159,450			
Additional Authorization - SDA Grant	\$ 7,575			
Additional Authorization - Capital Outlay	\$ 11,363			
Revised Authorized Cost	<u>\$ 178,388</u>			
Percentage Increase over Original Authorized Cost	12%			
Percentage Completion	89%			
Original Target Completion Date	12/2009			
Revised Target Completion Date	12/2009			

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
LAKE HIAWATHA ELEMENTARY SCHOOL EMERGENCY GENERATORS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 58,100	\$ 8,348	\$ 66,448	\$ 66,448
Transfer from Capital Outlay	87,150	12,521	99,671	99,671
Total Revenues	145,250	20,869	166,119	166,119
Expenditures:				
Construction Services		148,155	148,155	166,119
Total Expenditures		148,155	148,155	166,119
Excess/(Deficiency) of Revenue and Other Financing Sources				
Over/(Under) Expenditures and Other Financing Uses	\$ 145,250	\$ (127,286)	\$ 17,964	\$ -0-

Additional Project Information:

Project Number	3950-070-09-1007
Grant Date	5/20/2009
Bond Authorized	N/A
Original Authorized Cost	\$ 145,250
Additional Authorization - SDA Grant	\$ 8,348
Additional Authorization - Capital Outlay	\$ 12,521
Revised Authorized Cost	\$ 166,119
Percentage Increase over Original Authorized Cost	14%
Percentage Completion	89%
Original Target Completion Date	12/2009
Revised Target Completion Date	12/2009

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
LITTLETON ELEMENTARY SCHOOL EMERGENCY GENERATORS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 65,440	\$ 9,869	\$ 75,309	\$ 75,309
Transfer from Capital Outlay	98,160	14,804	112,964	112,964
Total Revenues	163,600	24,673	188,273	188,273
Expenditures:				
Construction Services		168,096	168,096	188,273
Total Expenditures		168,096	168,096	188,273
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 163,600	\$ (143,423)	\$ 20,177	\$ -0-

Additional Project Information:

Project Number	3950-100-09-1008
Grant Date	5/20/2009
Bond Authorization Date	N/A
Original Authorized Cost	\$ 163,600
Additional Authorization - SDA Grant	\$ 9,869
Additional Authorization - Capital Outlay	\$ 14,804
Revised Authorized Cost	\$ 188,273

Percentage Increase over Original Authorized Cost	15%
Percentage Completion	89%
Original Target Completion Date	12/2009
Revised Target Completion Date	12/2009

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MOUNT TABOR ELEMENTARY SCHOOL EMERGENCY GENERATORS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 50,280		\$ 50,280	\$ 50,280
Transfer from Capital Outlay	75,420		75,420	75,420
Total Revenues	125,700		125,700	125,700
Expenditures:				
Purchased Professional and Technical Services				
Construction Services		\$ 111,778	111,778	125,700
Total Expenditures		111,778	111,778	125,700
Excess/(Deficiency) of Revenue and Other Financing Sources				
Over/(Under) Expenditures and Other Financing Uses	\$ 125,700	\$ (111,778)	\$ 13,922	\$ -0-
Additional Project Information:				
Project Number	3950-100-09-1009			
Grant Date	5/20/2009			
Bond Authorized	N/A			
Original Authorized Cost	\$ 125,700			
Revised Authorized Cost	\$ 125,700			
Percentage Increase over Original Authorized Cost	-0-			
Percentage Completion	89%			
Original Target Completion Date	12/2009			
Revised Target Completion Date	12/2009			

PROPRIETARY FUNDS

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 85,386
Intergovernmental Accounts Receivable:	
Federal	28,115
State	2,045
Accounts Receivable	118,458
Inventories	15,119

Total Current Assets	<u>249,123</u>
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Non-Current Assets:

Capital Assets	734,108
Less: Accumulated Depreciation	<u>(552,007)</u>

Total Non-Current Assets	<u>182,101</u>
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Total Assets	<u>431,224</u>
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LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors	<u>47,570</u>
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Total Liabilities	<u>47,570</u>
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NET ASSETS:

Investment in Capital Assets Net of Related Debt	182,101
Unrestricted	<u>201,553</u>

Total Net Assets	<u><u>\$ 383,654</u></u>
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PARSIPPANY-TROY HILLS SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 1,603,151
Special Events	222,114
	<hr/>
Total Operating Revenue	1,825,265
	<hr/>
Operating Expenses:	
Cost of Sales	1,000,556
Salaries, Benefits & Payroll Taxes	963,868
Supplies, Insurance & Other Costs	122,136
Management Fee	97,597
Miscellaneous Expenditures	78,883
Depreciation Expense	16,377
	<hr/>
Total Operating Expenses	2,279,417
	<hr/>
Operating (Loss)	(454,152)
	<hr/>
Non-Operating Income:	
Local Sources:	
Interest Income	200
State Sources:	
State School Lunch Program	25,990
Federal Sources:	
National School Lunch Program	351,187
Food Distribution Program	159,252
	<hr/>
Total Non-Operating Income	536,629
	<hr/>
Change in Net Assets Before Operating Transfers	82,477
	<hr/>
Operating Transfers In - General Fund	9,009
	<hr/>
Change in Net Assets	91,486
	<hr/>
Net Assets - Beginning of Year	292,168
	<hr/>
Net Assets - End of Year	\$ 383,654
	<hr/> <hr/>

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,756,716
Payments to Employees	(963,868)
Payments to Food Service Vendor	(1,004,026)
Payments to Suppliers	(201,019)
Net Cash Used for Operating Activities	<u>(412,197)</u>
Cash Flows by Investing Activities:	
Local Sources:	
Interest Income	200
Net Cash Provided by Investing Activities	<u>200</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(22,756)
Net Cash Used for Capital and Related Financing Activities	<u>(22,756)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	31,221
Federal Sources:	
National School Lunch Program	414,272
Operating Transfers In	9,009
Net Cash Provided by Noncapital Financing Activities	<u>454,502</u>
Net Increase in Cash and Cash Equivalents	19,749
Cash and Cash Equivalents, July 1	<u>65,637</u>
Cash and Cash Equivalents, June 30	<u>\$ 85,386</u>
Reconciliation of Operating Loss to Net Cash Provided/(Used) for Operating Activities:	
Operating (Loss)	\$ (454,152)
Adjustment to Reconcile Operating Income to Cash Provided/(Used) for Operating Activities:	
Depreciation	16,377
Food Distribution Program	159,252
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	(68,549)
(Increase)/Decrease in Inventory	3,929
Increase/(Decrease) in Accounts Payable	(69,054)
Net Cash Used for Operating Activities	<u>\$ (412,197)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$159,252 the fiscal year ended June 30, 2010.

FIDUCIARY FUNDS

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Totals</u>
ASSETS:				
Cash and Cash Equivalents	\$ 2,480,822	\$ 2,307,982	\$ 27,976	\$ 4,816,780
Interfund Receivable		11,072		11,072
Total Assets	<u>2,480,822</u>	<u>2,319,054</u>	<u>27,976</u>	<u>4,827,852</u>
LIABILITIES:				
Interfund Payable	23,306			23,306
Due to Student Groups	455,384			455,384
Payroll Deductions and Withholdings	590,452			590,452
Accrued Salaries and Wages	1,411,680			
Total Liabilities	<u>2,480,822</u>			<u>1,069,142</u>
NET ASSETS:				
Held in Trust for:				
Unemployment Compensation Claims		2,319,054		2,319,054
Scholarships			27,976	27,976
Total Net Assets	<u>\$ -0-</u>	<u>\$ 2,319,054</u>	<u>\$ 27,976</u>	<u>\$ 2,347,030</u>

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Totals
Additions:			
Contributions:			
Plan Contributions	\$ 207,529		\$ 207,529
Donations		\$ 19,522	19,522
Total Contributions	207,529	19,522	227,051
Investment Earnings:			
Interest	8,006	73	8,079
Net Investment Earnings	8,006	73	8,079
Total Additions	215,535	19,595	235,130
Deductions			
Unemployment Compensation Claims	224,754		224,754
Scholarships Awarded		17,908	17,908
Total Deductions	224,754	17,908	242,662
Change in Net Assets	(9,219)	1,687	(7,532)
Net Assets - Beginning of the Year	2,328,273	26,289	2,354,562
Net Assets - End of the Year	\$ 2,319,054	\$ 27,976	\$ 2,347,030

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
ASSETS:				
Cash and Cash Equivalents	\$ 466,786	\$ 986,967	\$ 975,063	\$ 478,690
Total Assets	<u>\$ 466,786</u>	<u>\$ 986,967</u>	<u>\$ 975,063</u>	<u>\$ 478,690</u>
 LIABILITIES:				
Liabilities:				
Interfund Payable	\$ 25,648	\$ 23,306	25,648	\$ 23,306
Due to Student Groups	441,138	963,661	949,415	455,384
Total Liabilities	<u>\$ 466,786</u>	<u>\$ 986,967</u>	<u>\$ 975,063</u>	<u>\$ 478,690</u>

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Cash Receipts	Cash Disbursements	Balance June 30, 2010
Elementary Schools:				
Eastlake	\$ 1,989	\$ 6,433	\$ 6,128	\$ 2,294
Intervale	2,774	4,599	4,197	3,176
Knollwood	6,261	7,197	6,809	6,649
Lake Hiawatha	2,360	1,600	236	3,724
Lake Parsippany	4,630	6,745	6,950	4,425
Littleton	1,383	1,698	1,618	1,463
Mt. Tabor	2,130	1,560	3,255	435
Northvail	2,712	1,982	424	4,270
Rockaway Meadow	5,858	2,509	1,430	6,937
Troy Hills	9,948	2,135	1,863	10,220
Total Elementary Schools	40,045	36,458	32,910	43,593
Middle Schools:				
Brooklawn	63,763	183,653	181,075	66,341
Central	48,659	127,303	134,855	41,107
Total Middle Schools	112,422	310,956	315,930	107,448
High Schools:				
Parsippany High	95,473	217,759	213,762	99,470
Parsippany Hills High	134,812	313,934	307,600	141,146
Total High Schools	230,285	531,693	521,362	240,616
Athletic Accounts:				
Parsippany High		38,381	38,381	
Parsippany Hills High		40,750	40,241	509
Total Athletic Accounts		79,131	78,622	509
Other Accounts:				
Lost Media	25,145	2,391	591	26,945
Foundation	29,973	31		30,004
Vending Machine	189			189
District Exchange	3,079	3,001		6,080
Total Other Accounts	58,386	5,423	591	63,218
Total All Schools	\$ 441,138	\$ 963,661	\$ 949,415	\$ 455,384

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
ASSETS:				
Cash and Cash Equivalents	<u>\$ 697,736</u>	<u>\$ 37,509,594</u>	<u>\$ 36,205,198</u>	<u>\$ 2,002,132</u>
Total Assets	<u><u>\$ 697,736</u></u>	<u><u>\$ 37,509,594</u></u>	<u><u>\$ 36,205,198</u></u>	<u><u>\$ 2,002,132</u></u>
LIABILITIES:				
Payroll Deductions and Withholdings	<u>\$ 697,736</u>	<u>\$ 36,033,360</u>	<u>\$ 36,140,644</u>	<u>\$ 590,452</u>
Accrued Salaries and Wages		<u>1,476,234</u>	<u>64,554</u>	<u>1,411,680</u>
Total Liabilities	<u><u>\$ 697,736</u></u>	<u><u>\$ 37,509,594</u></u>	<u><u>\$ 36,205,198</u></u>	<u><u>\$ 2,002,132</u></u>

LONG-TERM DEBT

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance June 30, 2009	Retired or Matured	Balance June 30, 2010
			Outstanding June 30, 2010						
			Date	Amount					
School Improvements	08/15/06	\$ 47,633,000	08/15/10	\$ 1,250,000	4.375%				
			08/15/11	1,350,000	4.375%				
			08/15/12	1,500,000	4.375%				
			08/15/13	1,600,000	4.375%				
			08/15/14	1,700,000	4.375%				
			08/15/15	1,800,000	4.375%				
			08/15/16	1,900,000	4.375%				
			08/15/17	2,000,000	4.375%				
			08/15/18	2,100,000	4.375%				
			08/15/19	2,200,000	4.375%				
			08/15/20	2,300,000	4.375%				
			08/15/21	2,350,000	4.375%				
			08/15/22	2,350,000	4.375%				
			08/15/23	2,350,000	4.400%				
			08/15/24	2,350,000	4.500%				
			08/15/25	2,350,000	4.500%				
			08/15/26	2,350,000	4.500%				
			08/15/27	2,350,000	4.500%				
			08/15/28	2,350,000	4.500%				
			08/15/29	2,350,000	4.500%				
			08/15/30	2,350,000	4.500%				
08/15/31	1,983,000	4.500%							
						\$ 46,383,000	\$ 1,200,000	\$ 45,183,000	
						\$ 46,383,000	\$ 1,200,000	\$ 45,183,000	

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
GENERAL LONG-TERM DEBT ACCOUNT GROUP
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Purpose	Int. Rate	Original Issue	Balance July 1, 2009	Issued	Matured	Balance June 30, 2010
Equipment	2.248%	\$ 759,700				
Equipment	2.808%	126,547	\$ 14,858		\$ 14,858	
Equipment	2.808%	652,453	76,402		76,402	
Equipment	3.680%	778,875	328,529		161,297	\$ 167,232
Equipment	4.290%	791,940	485,211		158,317	326,894
Equipment	3.970%	1,005,000	811,823		197,012	614,811
Equipment	2.770%	1,005,000	1,005,000		195,509	809,491
Equipment	2.750%	1,005,000		\$ 1,005,000		1,005,000
			<u>\$ 2,721,823</u>	<u>\$ 1,005,000</u>	<u>\$ 803,395</u>	<u>\$ 2,923,428</u>

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<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	\$ 2,583,484		\$ 2,583,484	\$ 2,583,484	
State Sources:					
Debt Service Aid Type II	643,151		643,151	643,151	
Total Revenues	<u>3,226,635</u>		<u>3,226,635</u>	<u>3,226,635</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	2,026,635		2,026,635	2,026,635	
Redemption of Principal	1,200,000		1,200,000	1,200,000	
Total Regular Debt Service	<u>3,226,635</u>		<u>3,226,635</u>	<u>3,226,635</u>	
Total Expenditures	<u>3,226,635</u>		<u>3,226,635</u>	<u>3,226,635</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures					
Other Financing Sources:					
Operating Transfers In - Capital Projects Fund:					
Interest Earned in Capital Projects Fund				7,310	\$ 7,310
Total Other Financing Sources				<u>7,310</u>	<u>7,310</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures				7,310	7,310
Fund Balance, July 1	12,179		12,179	12,179	
Fund Balance, June 30	<u>\$ 12,179</u>	<u>\$ -0-</u>	<u>\$ 12,179</u>	<u>\$ 19,489</u>	<u>\$ 7,310</u>
<u>Recapitulation:</u>					
Unreserved - Designated for Subsequent Year's Expenditures				\$ 12,179	
Unreserved/Undesignated Fund Balance				7,310	
				<u>\$ 19,489</u>	

STATISTICAL SECTION

This part of the School's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the School's overall financial health.

Contents

	<u>Exhibit</u>
<p>Financial Trends</p> <p>These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.</p>	J-1 thru J-5
<p>Revenue Capacity</p> <p>These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.</p>	J-6 thru J-9
<p>Debt Capacity</p> <p>These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.</p>	J-10 thru J-13
<p>Demographic and Economic Information</p> <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.</p>	J-14 thru J-15
<p>Operating Information</p> <p>These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.</p>	J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The School implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST SIX FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
Governmental Activities:						
Invested in Capital Assets, Net of Related Debt	\$ 14,834,765	\$ 20,348,446	\$ 20,252,572	\$ 14,924,006	\$ 20,322,542	\$ 22,926,163
Restricted	8,641,800	4,175,233	9,308,158	18,769,182	12,588,400	9,295,591
Unrestricted/(Deficit)	<u>(4,177,907)</u>	<u>(3,485,633)</u>	<u>(2,854,006)</u>	<u>(2,128,203)</u>	<u>(2,134,030)</u>	<u>(1,967,791)</u>
Total Governmental Activities Net Assets	<u>\$ 19,298,658</u>	<u>\$ 21,038,046</u>	<u>\$ 26,706,724</u>	<u>\$ 31,564,985</u>	<u>\$ 30,776,912</u>	<u>\$ 30,253,963</u>
Business-Type Activities						
Invested in Capital Assets, Net of Related Debt	\$ 142,798	\$ 143,144	\$ 116,893	\$ 143,614	\$ 175,722	\$ 182,101
Unrestricted	<u>78,313</u>	<u>72,463</u>	<u>86,101</u>	<u>74,254</u>	<u>116,446</u>	<u>201,553</u>
Total Business-Type Activities Net Assets	<u>\$ 221,111</u>	<u>\$ 215,607</u>	<u>\$ 202,994</u>	<u>\$ 217,868</u>	<u>\$ 292,168</u>	<u>\$ 383,654</u>
District-Wide:						
Invested in Capital Assets, Net of Related Debt	\$ 14,977,563	\$ 20,491,590	\$ 20,369,465	\$ 15,067,620	\$ 20,498,264	\$ 23,108,264
Restricted	8,641,800	4,175,233	9,308,158	18,769,182	12,588,400	9,295,591
Unrestricted/(Deficit)	<u>(4,099,594)</u>	<u>(3,413,170)</u>	<u>(2,767,905)</u>	<u>(2,053,949)</u>	<u>(2,017,584)</u>	<u>(1,766,238)</u>
Total District Net Assets	<u>\$ 19,519,769</u>	<u>\$ 21,253,653</u>	<u>\$ 26,909,718</u>	<u>\$ 31,782,853</u>	<u>\$ 31,069,080</u>	<u>\$ 30,637,617</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
Expenses:						
Governmental Activities:						
Instruction:						
Regular	\$ 43,464,369	\$ 45,675,451	\$ 48,167,024	\$ 49,679,045	\$ 50,879,509	\$ 51,971,182
Special Education	7,562,321	8,759,067	10,038,034	11,071,579	10,770,018	11,354,873
Other Instruction	3,985,993	3,941,758	4,001,696	4,117,984	4,135,992	4,469,379
School-Sponsored Instruction	2,213,491	2,328,618	2,370,392	2,410,202	2,446,604	2,468,444
Support Services:						
Tuition	7,208,754	7,440,920	7,838,140	8,068,232	8,219,763	8,619,040
Student & Instruction Related Services	14,105,240	16,250,564	16,569,596	17,994,928	18,592,041	19,619,802
General and Business Administrative Services	1,183,128	816,467	1,535,373	1,019,012	1,346,484	1,164,924
School Administrative Services	5,781,595	6,086,536	5,511,933	5,179,099	6,177,907	6,091,861
Central Services	212,496	1,815,106	1,992,289	2,003,582	2,281,598	2,435,522
Administrative Information Technology	24,304	868,696	975,446	1,729,363	1,010,105	964,932
Plant Operations And Maintenance	9,586,088	10,595,728	10,767,928	11,905,342	11,666,344	11,718,139
Pupil Transportation	5,426,576	6,162,440	6,578,651	6,616,979	6,660,792	7,170,884
Business and Other Support Services	2,359,033	92,139				
Capital Outlay	748,804	810,238	872,128	991,992	1,023,266	905,430
Special Schools	2,014,296	1,599,919	1,811,220	1,795,874	1,475,094	1,561,611
Charter School				101,737	89,288	133,619
Interest On Long-Term Debt	69,210	54,720	1,120,280	2,119,145	2,076,653	2,026,635
Unallocated Depreciation	749,126	1,086,707	746,927	1,027,319	1,284,679	1,327,476
Total Governmental Activities Expenses	<u>\$ 106,694,824</u>	<u>\$ 114,385,074</u>	<u>\$ 120,897,057</u>	<u>\$ 127,831,414</u>	<u>\$ 130,136,137</u>	<u>\$ 134,003,753</u>

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
Business-type activities:						
Food Service	\$ 2,090,486	\$ 2,170,324	\$ 2,223,583	\$ 2,238,925	\$ 2,194,422	\$ 2,279,417
Total Business-Type Activities Expense	<u>2,090,486</u>	<u>2,170,324</u>	<u>2,223,583</u>	<u>2,238,925</u>	<u>2,194,422</u>	<u>2,279,417</u>
Total District Expenses	<u>\$ 108,785,310</u>	<u>\$ 116,555,398</u>	<u>\$ 123,120,640</u>	<u>\$ 130,070,339</u>	<u>\$ 132,330,559</u>	<u>\$ 136,283,170</u>
Program Revenues:						
Governmental Activities:						
Charges For Services:						
Special Education					\$ 162,070	\$ 183,603
Tuition			\$ 53,427	\$ 124,128		
Special Schools	\$ 1,391,563	\$ 1,284,045	1,440,854	1,875,676	1,696,439	1,816,985
Operating Grants and Contributions	15,432,542	16,238,406	20,410,941	20,879,132	16,190,504	15,272,528
Capital Grants and Contributions	975,105	1,925,946	131,062	157,413	251,809	
Total Governmental Activities Program Revenues	<u>\$ 17,799,210</u>	<u>\$ 19,448,397</u>	<u>\$ 22,036,284</u>	<u>\$ 23,036,349</u>	<u>\$ 18,300,822</u>	<u>\$ 17,273,116</u>
Business-Type Activities:						
Charges for services						
Food Service	\$ 1,769,193	\$ 1,842,452	\$ 1,821,255	\$ 1,784,951	\$ 1,783,069	\$ 1,825,265
Operating Grants and Contributions	242,675	254,274	378,260	430,044	416,517	536,429
Total Business Type Activities Program Revenues	<u>2,011,868</u>	<u>2,096,726</u>	<u>2,199,515</u>	<u>2,214,995</u>	<u>2,199,586</u>	<u>2,361,694</u>
Total District Program Revenues	<u>\$ 19,811,078</u>	<u>\$ 21,545,123</u>	<u>\$ 24,235,799</u>	<u>\$ 25,251,344</u>	<u>\$ 20,500,408</u>	<u>\$ 19,634,810</u>
Net (Expense)/Revenue Governmental Activities	\$ (88,895,614)	\$ (94,936,677)	\$ (98,860,773)	\$ (104,795,065)	\$ (111,835,315)	\$ (116,730,637)
Business-Type Activities	<u>(78,618)</u>	<u>(73,598)</u>	<u>(24,068)</u>	<u>(23,930)</u>	<u>5,164</u>	<u>82,277</u>
Total District-Wide Net Expense	<u>\$ (88,974,232)</u>	<u>\$ (95,010,275)</u>	<u>\$ (98,884,841)</u>	<u>\$ (104,818,995)</u>	<u>\$ (111,830,151)</u>	<u>\$ (116,648,360)</u>

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets:						
Governmental Activities:						
Property Taxes Levied for General Purposes, Net	\$ 91,499,253	\$ 94,370,813	\$ 100,210,723	\$ 104,320,412	\$ 107,986,991	\$ 111,498,049
Taxes Levied for Debt Service	463,288	463,530	1,081,825	744,260	766,297	2,583,484
Federal and State Aid not Restricted	946,741	1,357,874	1,387,280	1,872,919	1,912,146	1,485,655
Investment Earnings	258,205	427,740	1,563,178	2,365,504	276,198	94,085
Miscellaneous Income	190,932	94,216	297,442	388,386	127,603	555,424
Transfers	(51,469)	(38,109)	(10,997)	(38,155)	(21,992)	(9,009)
Total Governmental Activities	<u>93,306,950</u>	<u>96,676,064</u>	<u>104,529,451</u>	<u>109,653,326</u>	<u>111,047,243</u>	<u>116,207,688</u>
Business-Type Activities:						
Investment Earnings	356	511	458	649	318	200
Capital Contributions	42,456	29,474				
Transfers	51,469	38,109	10,997	38,155	21,992	9,009
Total Business-Type Activities	<u>94,281</u>	<u>68,094</u>	<u>11,455</u>	<u>38,804</u>	<u>22,310</u>	<u>9,209</u>
Total District-Wide	<u>\$ 93,401,231</u>	<u>\$ 96,744,158</u>	<u>\$ 104,540,906</u>	<u>\$ 109,692,130</u>	<u>\$ 111,069,553</u>	<u>\$ 116,216,897</u>
Change in Net Assets:						
Governmental Activities	\$ 4,411,336	\$ 1,739,387	\$ 5,668,678	\$ 4,858,261	\$ (788,072)	\$ (522,949)
Business-Type Activities	15,663	(5,504)	(12,613)	14,874	27,474	91,486
Total District	<u>\$ 4,426,999</u>	<u>\$ 1,733,883</u>	<u>\$ 5,656,065</u>	<u>\$ 4,873,135</u>	<u>\$ (760,598)</u>	<u>\$ (431,463)</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST SIX FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
General Fund:						
Reserved	\$ 3,992,335	\$ 3,501,418	\$ 6,350,037	\$ 9,382,087	\$ 8,538,275	\$ 8,041,629
Unreserved	4,479,770	2,923,046	3,998,775	3,408,356	2,552,283	2,412,467
Total General Fund	<u>\$ 8,472,105</u>	<u>\$ 6,424,464</u>	<u>\$ 10,348,812</u>	<u>\$ 12,790,443</u>	<u>\$ 11,090,558</u>	<u>\$ 10,454,096</u>
All Other Governmental Funds:						
Reserved	\$ 3,381,527	\$ 1,575,580	\$ 27,952,035	\$ 4,052,255	\$ 2,679,749	\$ 735,639
Unreserved, Reported In:						
Capital Projects Fund/(Deficit)	(1,130,728)	(1,009,677)	6,028,587	3,218,297	920,402	180,041
Debt Service Fund	10,316	107,912	682,278	1,022,371	12,179	19,489
Total All Other Governmental Funds	<u>\$ 2,261,115</u>	<u>\$ 673,815</u>	<u>\$ 34,662,900</u>	<u>\$ 8,292,923</u>	<u>\$ 3,612,330</u>	<u>\$ 935,169</u>
Total All Funds	<u>\$ 10,733,220</u>	<u>\$ 7,098,279</u>	<u>\$ 45,011,712</u>	<u>\$ 21,083,366</u>	<u>\$ 14,702,888</u>	<u>\$ 11,389,265</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST SIX FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
Revenues:						
Tax Levy	\$ 91,962,541	\$ 94,834,343	\$ 101,292,548	\$ 105,064,672	\$ 108,753,288	\$ 114,081,533
Interest Earned on Capital Reserve Funds	9,511	16,281	17,368	9,363	9,777	4,511
Miscellaneous	1,967,832	1,813,657	3,386,749	4,773,868	2,282,203	2,679,306
State Sources	15,388,079	17,440,333	19,763,554	20,617,320	16,175,007	14,420,722
Federal Sources	1,949,631	2,057,956	2,116,513	2,262,607	2,149,782	2,303,741
Total Revenue	111,277,594	116,162,570	126,576,732	132,727,830	129,370,057	133,489,813
Expenditures:						
Instruction:						
Regular Instruction	33,678,666	34,635,915	35,057,295	37,167,845	38,969,236	39,381,191
Special Education Instruction	5,864,094	6,640,176	7,270,481	7,718,948	8,134,428	8,478,729
Other Instruction	3,019,986	2,954,144	2,843,855	3,019,629	3,125,853	3,321,850
School-Sponsored Instruction	1,853,073	1,829,442	1,847,599	1,873,265	1,922,526	1,959,883
Support Services:						
Tuition	7,208,754	7,440,920	7,838,140	8,068,232	8,219,763	8,619,040
Student Services	9,858,273	10,705,392	11,151,534	12,207,485	10,209,868	10,978,064
Student and Instruction Related Services	796,972	965,713	1,409,519	850,393	4,531,483	4,320,904
General Administrative Services	1,449,104	1,565,636	998,841	1,550,661	1,040,958	888,499
School Administrative Services	4,174,355	4,568,008	4,298,379	1,585,170	4,816,887	4,524,606
Central Services	212,496	1,415,086	1,484,723	4,498,874	1,685,028	1,637,641
Administrative Information Technology	24,304	705,507	783,914	788,401	883,790	823,754
Plant Operations And Maintenance	8,089,968	8,936,580	8,741,859	9,831,091	9,860,863	9,673,943
Pupil Transportation	5,108,378	5,818,073	6,099,104	6,070,520	6,148,902	6,626,853
Business and Other Support Services	1,775,230	18,520				
Unallocated Benefits	20,463,564	22,483,235	27,730,869	26,979,193	24,299,659	26,293,718

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST SIX FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
Debt Service:						
Principal	\$ 395,000	\$ 410,000	\$ 430,000	\$ 950,000	\$ 1,185,000	\$ 1,200,000
Interest And Other Charges	69,210	54,720	1,120,280	2,119,145	2,076,653	2,026,635
Capital Outlay	4,839,988	8,108,868	16,558,422	30,784,296	8,046,825	5,350,781
Charter School				101,737	89,288	133,619
Special Schools	1,626,300	1,282,342	1,412,428	1,458,136	1,486,532	1,559,717
Total Expenditures	<u>110,507,715</u>	<u>120,538,277</u>	<u>137,077,242</u>	<u>157,623,021</u>	<u>136,733,542</u>	<u>137,799,427</u>
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	<u>769,879</u>	<u>(4,375,707)</u>	<u>(10,500,510)</u>	<u>(24,895,191)</u>	<u>(7,363,485)</u>	<u>(4,309,614)</u>
Other Financing Sources/(Uses):						
Capital Leases (Non-Budgeted)	779,000	778,875	791,940	1,005,000	1,005,000	1,005,000
Cancellation of Prior Year EDA Grants Receivable	(119,965)					
Bond Proceeds			47,633,000			
Transfers In	4,041,039	2,157,932	1,645,763	2,179,802	2,557,839	45,998
Transfers Out	(4,092,508)	(2,196,041)	(1,656,760)	(2,217,957)	(2,579,831)	(55,007)
Total Other Financing Sources/(Uses)	<u>607,566</u>	<u>740,766</u>	<u>48,413,943</u>	<u>966,845</u>	<u>983,008</u>	<u>995,991</u>
Net Change In Fund Balances	<u>\$ 1,377,445</u>	<u>\$ (3,634,941)</u>	<u>\$ 37,913,433</u>	<u>\$ (23,928,346)</u>	<u>\$ (6,380,477)</u>	<u>\$ (3,313,623)</u>
Debt Service As A Percentage Of Noncapital Expenditures	0.44%	0.41%	1.29%	2.42%	2.53%	2.44%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals- Use of Facilities	Prior Year Refunds	Other	Total
2001	\$ 628,978	\$ 863,818	\$ 26,110	\$ 197,284	\$ 209,579	\$ 1,925,769
2002	294,064	1,111,143	59,297		281,631	1,746,135
2003	203,425	1,194,619	74,333		224,012	1,696,389
2004	165,085	1,175,330	73,354		547,568	1,961,337
2005	249,079	1,391,563	53,439	174,843	82,613	1,951,537
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

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST SIX YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2004	\$ 156,882,500	\$ 4,058,479,900	\$ 326,400	\$ 3,100	\$ 2,840,424,700	\$ 337,178,000	\$ 455,501,500	\$ 7,848,796,100	\$ 535,955,800	\$ 12,576,766	\$ 7,861,372,866	\$ 1.13	\$ 6,983,112,723
2005	143,482,400	4,121,676,500	326,400	3,100	2,715,594,800	325,849,900	454,078,000	7,761,011,100	540,771,500	12,454,457	7,773,465,557	1.20	7,570,534,983
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	9,850,501,986

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Municipal Tax Assessor

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
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

Year Ended December 31,	Parsippany-Troy Hills School District					Total Direct and Overlapping Tax Rate
	Direct Rate			Overlapping Rates		
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of Parsippany	Morris County	
2000	\$ 2.89		\$ 2.89	\$ 1.23	\$ 0.56	\$ 4.68
2001	2.97		2.97	1.22	0.59	4.78
2002	3.04		3.04	1.25	0.64	4.93
2003	1.04 *	\$ 0.01 *	1.05 *	0.43 *	0.24 *	1.72
2004	1.12	0.01	1.13	0.41	0.27	1.81
2005	1.19	0.01	1.20	0.44	0.26	1.90
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

* - Revaluation of Property

Source: Municipal Tax Collector and School Business Administrator

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation

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.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2009			2000		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
State Farm Insurance	82,500,000	1.10%	Morris Corporate Center, HDQ III	\$ 39,882,500	1.68%
Knoll Manor Associates	61,015,400	0.81%	Morris Corporate Center, HDQ I & II	39,745,100	1.68%
Morris Corporate Center, HDQ III	60,875,100	0.81%	Knoll Manor, Inc.	25,446,700	1.07%
Wells Reit - Gatehall II	58,677,800	0.78%	Mack-Cali-Arbor Circle	24,191,400	1.02%
Morris Corporate Center, HDQ I & II	57,660,700	0.77%	Powder Mill Heights	22,509,300	0.95%
One Campus Drive	57,268,000	0.76%	Mountain Club Tenants Corp.	21,651,500	0.91%
Aquaport-Parsippany LLC	53,526,900	0.71%	Trinet Essential Fac., Gatehall II	21,069,300	0.89%
Powdermill Heights	51,831,300	0.69%	American Cyanamid Company	19,288,000	0.81%
Pfizer	51,510,700	0.69%	Troy Hills Village	19,000,000	0.84%
Sylvan/Campus Rlty, LLC	49,101,800	0.65%	IHC Realty - Hilton Hotel	17,000,000	0.75%
Total	\$ 583,967,700	7.79%		\$ 249,783,800	10.60%

Source: Municipal Tax Assessor

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2001	\$ 70,795,699	\$ 70,795,699	100.00%	-0-
2002	74,297,795	74,297,795	100.00%	-0-
2003	78,428,602	78,428,602	100.00%	-0-
2004	86,030,329	86,030,329	100.00%	-0-
2005	91,962,541	91,962,541	100.00%	-0-
2006	94,834,343	94,834,343	100.00%	-0-
2007	101,292,548	101,292,548	100.00%	-0-
2008	105,064,672	105,064,672	100.00%	-0-
2009	108,753,288	108,753,288	100.00%	-0-
2010	114,081,533	114,081,533	100.00%	-0-

Source: Parsippany-Troy Hills School District records including the Certificate and Report of School Taxes (A4F Form)

- a. 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 voted upon or certified prior to the end of the school year.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SIX 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 (BANs)			
2005	\$ 1,725,000	\$ 1,618,416		\$ 3,343,416	0.10%	\$ 66
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	1.42%	1,016
2008	47,568,000	2,553,060		50,121,060	1.40%	1,005
2009	46,383,000	2,721,823		49,104,823	1.37%	982
2010	45,183,000	2,923,428		48,106,428	1.34%	962

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

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

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

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SIX FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 1,725,000	-0-	\$ 1,725,000	0.02%	\$ 34
2006	1,315,000	-0-	1,315,000	0.02%	26
2007	48,518,000	-0-	48,518,000	0.63%	972
2008	47,568,000	-0-	47,568,000	0.63%	954
2009	46,383,000	-0-	46,383,000	0.61%	928
2010	45,183,000	-0-	45,183,000	0.60%	904

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

Note: Details regarding the district's outstanding debt can be found in the notes to the 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 for the prior calendar year.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2009
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Parsippany	\$ 71,934,466	100.00%	\$ 71,934,466
Morris County General Obligation Debt	255,031,540	9.50%	<u>24,232,681</u>
Subtotal, Overlapping Debt			96,167,147
Parsippany-Troy Hills School District Direct Debt			<u>45,183,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 141,350,147</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, 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 unit.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized 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 2010	
	ParsIPPany Township
Equalized Valuation Basis	\$ 9,681,487,415
2009	9,875,033,678
2008	9,681,487,415
2007	\$29,238,008,508
Average Equalized Valuation of Taxable Property	\$ 9,746,002,836
Debt Limit ^a (4% of average equalization value)	\$ 389,840,113
Net Bonded School Debt as of June 30, 2010	45,183,000
Legal Debt Margin	\$ 344,657,113

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 170,874,970	\$ 187,182,603	\$ 211,703,882	\$ 242,392,248	\$ 274,905,116	\$ 307,515,903	\$ 341,938,352	\$ 369,432,176	\$ 386,019,056	\$ 389,840,113
Total Net Debt Applicable to Limit		2,800,000	2,500,000	2,120,000	1,725,000	1,315,000	48,518,000	47,568,000	46,383,000	45,183,000
Legal Debt Margin	\$ 170,874,970	\$ 184,382,603	\$ 209,203,882	\$ 240,272,248	\$ 273,180,116	\$ 306,200,903	\$ 293,420,352	\$ 321,864,176	\$ 339,636,056	\$ 344,657,113
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	0.00%	1.50%	1.18%	0.87%	0.63%	0.43%	14.19%	12.88%	12.02%	11.59%

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 ^c	Unemployment Rate ^d
2001	50,067	\$ 2,837,447,091	56,673	2.60%
2002	50,299	2,843,653,965	56,535	4.00%
2003	50,412	2,874,391,416	57,018	3.90%
2004	50,611	3,092,382,711	61,101	3.20%
2005	50,452	3,193,460,244	63,297	3.00%
2006	50,159	3,429,069,876	68,364	3.10%
2007	49,911	3,558,654,300	71,300	2.70%
2008	49,880	3,581,982,560	71,812 *	3.60%
2009	49,982 **	3,589,307,384	71,812 *	7.60%
2010	49,982 **	3,589,307,384	71,812 *	N/A

* - Latest Morris County per capita personal income available (2008) was used for calculation purposes.

** - Latest population data available (2009) was used for calculation purposes.

N/A - Information Unavailable

Source: School District Reports

a Population information provided by the NJ Dept of Labor and Workforce Development

b Personal income has been estimated based upon the municipal population and per capita personal income presented

c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

d Unemployment data provided by the NJ Dept of Labor and Workforce Development

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2009			2000		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
United Parcel Service	1,927	N/A	United Parcel Service	1,800	N/A
Automatic Data Processing	1,400	N/A	Merck-Medco	1,500	N/A
Wyndham	1,366	N/A	Cendant Corp.	1,200	N/A
Avis	1,025	N/A	AT&T	1,200	N/A
Deloitte-Touche	1,000	N/A	Tiffany & Co.	1,100	N/A
Realogy	900	N/A	Automatic Data Processing	1,010	N/A
State Farm	870	N/A	Dialogic Corp.	950	N/A
Tiffany & Co.	800	N/A	Lucent Technologies	850	N/A
EBI	580	N/A	Nabisco	825	N/A
Common Health	555	N/A	Dun & Bradstreet	700	N/A
Total	<u>10,423</u>		Total	<u>11,135</u>	

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

Source: Various Agencies of the Township

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction:						
Regular	506.5	506.9	504.9	509.3	544.3	539.7
Special Education	77.5	81.9	91.8	96.7	96.3	104.0
Support Services:						
Student & Instruction Related Services	102.9	106.0	108.4	108.8	113.8	106.0
School Administrative Services	33.0	33.0	34.0	33.0	32.0	32.0
General and Business Administrative Services	5.0	5.0	5.0	5.0	5.0	5.0
Plant Operations and Maintenance	110.5	110.5	111.5	111.5	111.5	113.5
Pupil Transportation	23.0	27.0	24.0	24.0	24.0	23.0
Business and Other Support Services	83.0	82.0	82.0	82.0	82.0	80.5
Total	<u>941.4</u>	<u>952.3</u>	<u>961.6</u>	<u>970.3</u>	<u>1,008.9</u>	<u>1,003.7</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: District Personnel Records

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
OPERATING STATISTICS
LAST SIX FISCAL YEARS
UNAUDITED

Fiscal Year	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	High				
2005	7,063	\$ 105,203,517	\$ 14,895	1.63%	719	13.4:1	10.1:1	11.4:1	7,063	6,783	1.63%	96.03%
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%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006

Source: Parsippany-Troy Hills School District records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

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 SIX FISCAL YEARS

<u>District Building</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
ParsIPPany High School (1956)						
Square Feet	166,512	166,512	166,512	166,512	174,377	174,377
Capacity (students)	817	817	817	817	1,106	1,106
Enrollment	987	971	975	1,009	1,020	1,043
ParsIPPany Hills High School (1970)						
Square Feet	202,899	202,899	202,899	202,899	218,009	218,009
Capacity (students)	837	837	837	837	1,230	1,230
Enrollment a	1,205	1,226	1,197	1,177	1,166	1,153
Brooklawn Middle School (1965)						
Square Feet	111,126	111,126	111,126	111,126	125,310	125,310
Capacity (students)	771	771	771	771	900	900
Enrollment	904	872	885	927	915	872
Central Middle School (1928)						
Square Feet	91,441	91,441	91,441	91,441	138,221	138,221
Capacity (students)	620	620	620	620	846	846
Enrollment	747	764	791	797	755	762
East Lake Elementary School (1967)						
Square Feet	31,589	31,589	31,589	31,589	31,589	31,589
Capacity (students)	289	289	289	289	289	289
Enrollment	326	329	314	298	283	277
Intervale Elementary School (1966)						
Square Feet	27,771	27,771	27,771	37,731	37,731	37,731
Capacity (students)	381	381	381	490	490	490
Enrollment	263	263	275	327	314	331
Knollwood Elementary School (1961)						
Square Feet	33,880	33,880	33,880	3,380	33,380	33,380
Capacity (students)	298	298	298	298	298	298
Enrollment	320	316	309	327	331	359
Lake Hiawatha Elementary School (1952)						
Square Feet	38,314	38,314	38,314	44,424	44,424	44,424
Capacity (students)	371	371	371	381	381	381
Enrollment	329	317	332	373	407	436
Lake ParsIPPany Elementary School (1949)						
Square Feet	36,747	36,747	36,747	36,747	36,747	36,747
Capacity (students)	376	376	376	376	376	376
Enrollment	358	358	356	335	324	314

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST FIVE FISCAL YEARS

	2005	2006	2007	2008	2009	2010
Littleton Elementary School (1958)						
Square Feet	41,890	41,890	41,890	41,890	41,890	41,890
Capacity (students)	371	371	371	371	371	371
Enrollment	451	455	466	416	394	368
Mt. Tabor Elementary School (1930)						
Square Feet	34,350	34,350	34,350	42,712	42,712	42,712
Capacity (students)	337	337	337	434	434	434
Enrollment	237	261	273	330	350	396
Northvail Elementary School (1966)						
Square Feet	32,798	32,798	32,798	32,798	32,798	32,798
Capacity (students)	298	298	298	298	298	298
Enrollment	322	331	356	322	320	358
Rockaway Meadow Elementary School (1966)						
Square Feet	36,366	36,366	36,366	36,366	36,366	36,366
Capacity (students)	277	277	277	277	277	277
Enrollment	294	302	317	273	280	265
Troy Hills Elementary School (1964)						
Square Feet	36,954	36,954	36,954	36,954	36,954	36,954
Capacity (students)	326	326	326	326	326	326
Enrollment	320	334	334	334	320	325
Windish Administration (1965)						
Square Feet	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
Board Office (acquired in 2006)						
Square Feet		27,500	27,500	27,500	27,500	27,500
Number of Schools at June 30, 2010						
Elementary = 10						
Middle School = 2						
High School = 2						
Other = 3						

This schedule does not contain ten years of information as GASB #44 was implemented during this fiscal year ending June 30, 2006.

Source: Parsippany-Troy Hills School District Facilities Office

Note: Year of original construction is shown in parentheses.
Enrollment is based on the annual October district count.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
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	Projects #	2001	2002	2003	2004	2005
Parsippany High School	N/A	\$ 279,818	\$ 286,676	\$ 295,176	\$ 323,716	\$ 338,538
Parsippany Hills High School	N/A	303,740	311,185	357,628	211,409	236,723
Brooklawn Middle School	N/A	176,719	181,050	160,462	160,423	259,766
Central Middle School	N/A	168,076	172,195	128,194	123,618	233,292
East Lake Elementary School	N/A	58,340	59,770	43,912	70,879	75,111
Intervale Elementary School	N/A	46,302	47,437	40,748	60,490	60,847
Knollwood Elementary School	N/A	56,951	58,347	36,733	47,575	127,613
Lake Hiawatha Elementary School	N/A	63,125	64,672	35,421	355,792	86,394
Lake Parsippany Elementary School	N/A	59,729	61,193	78,300	103,446	71,794
Littleton Elementary School	N/A	67,755	69,416	66,458	76,857	61,738
Mt. Tabor Elementary School	N/A	54,019	55,343	71,704	154,356	120,226
Northvail Elementary School	N/A	59,884	61,351	56,046	60,759	88,439
Rockaway Meadow Elementary School	N/A	59,884	61,351	42,226	45,685	82,917
Troy Hills Elementary School	N/A	67,446	69,099	41,718	65,977	68,971
Administration Building	N/A	14,817	15,180	16,839	9,538	26,976
Maintenance Building	N/A	6,791	6,958	16,309	12,215	4,340
		<u>\$ 1,543,396</u>	<u>\$ 1,581,223</u>	<u>\$ 1,487,874</u>	<u>\$ 1,882,735</u>	<u>\$ 1,943,685</u>

School Facilities	2006	2007	2008	2009	2010
Parsippany High School	\$ 72,383	\$ 78,787	\$ 67,224	\$ 56,790	\$ 73,502
Parsippany Hills High School	86,788	61,447	65,024	63,925	96,302
Brooklawn Middle School	50,849	48,824	50,945	42,854	54,691
Central Middle School	48,618	50,961	46,174	43,382	62,692
East Lake Elementary School	21,144	17,715	16,878	13,701	13,495
Intervale Elementary School	17,702	18,026	21,273	10,216	24,362
Knollwood Elementary School	19,993	19,828	19,616	12,432	16,513
Lake Hiawatha Elementary School	33,334	13,503	22,321	19,793	22,075
Lake Parsippany Elementary School	36,213	18,149	22,410	22,702	26,619
Littleton Elementary School	16,278	23,906	19,978	14,591	13,391
Mt. Tabor Elementary School	34,429	15,138	25,759	25,406	32,716
Northvail Elementary School	20,776	20,506	17,732	12,350	20,923
Rockaway Meadow Elementary School	19,946	19,232	19,294	13,097	35,660
Troy Hills Elementary School	20,971	18,539	24,336	11,408	22,300
Administration Building	1,588,092	1,482,103	1,637,502	1,643,930	1,540,299
Maintenance Building	11,254	38,169	43,893	77,071	82,178
	<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>

* School facilities as defined under EFCFA. (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Parsippany-Troy Hills School District records

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2010
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -		
Utica National Insurance Group:		
Property - Blanket Building and Contents	\$ 175,625,668	\$ 5,000
Comprehensive General Liability:		
Comprehensive Automotive Liability - Physical Damage	1,000,000	500/1000
Garage Keepers Liability - Physical Damage	37,500	500
School Board Legal Liability:		
Aggregate	3,000,000	10,000
Occurrence	1,000,000	
Employee Benefits Liability:		
Aggregate	3,000,000	1,000
Occurrence	1,000,000	
Business Income/Extra Expense	Actual Loss	
Inland Marine Floaters - EDP Equipment	(Per Schedule)	250
Umbrella Liability - Utica National Insurance		
Umbrella Policy	10,000,000	SIR 10,000
Excess Umbrella Liability - Fireman's Fund Insurance		
Excess Liability Policy	50,000,000	Excess \$10m
Student Accident Coverage - Bollinger Fowler Ins.		
All Students & Athletes	5,000,000	N/A
Public Employee Dishonesty Coverage-		
Utica National Insurance	100,000	1,000
Excess Public Employee Dishonesty Coverage-		
National Union Fire Insurance	900,000	101,000
Public Officials Bond - Zurich Insurance		
Business Administrator/Board Secretary	650,000	N/A
Treasurer	650,000	N/A
Underground Storage Tank - Commerce & Industry	2,000,000	5,000
Rockaway Meadow School Flood Liability- Selective Insurance		
Building	266,200	1,000
Contents	231,500	1,000

Source: Parsippany-Troy Hills Township School District records.

SINGLE AUDIT SECTION

Mount Arlington Corporate Center
200 Valley Road Suite 300
Mount Arlington, New Jersey 07856
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Fax: 973-328-0507

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11 Lawrence Road
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Independent Auditors' 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

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

We have audited 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 (the "Board") as of, and for the fiscal year ended June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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 Board's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

The Honorable President and Members
of the Board of Education
Parsippany-Troy Hills School District
Page 2

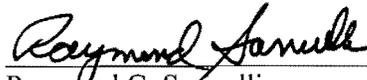
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of 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 audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. However, we noted certain matters that we have reported to the Board in the *Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* dated October 15, 2010.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

October 15, 2010
Mount Arlington, New Jersey

NISIVOCCIA & COMPANY LLP



Raymond G. Sarnelli
Licensed Public School Accountant #864
Certified Public Accountant



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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04

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

Compliance

We have audited the compliance of the Board of Education of the Parsippany-Troy Hills School District in the County of Morris (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board's major federal and state programs for the fiscal year ended June 30, 2010. The Board's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04 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 Board'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. Our audit does not provide a legal determination on the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2010.

The Honorable President and Members
of the Board of Education
Parsippany-Troy Hills School District
Page 2

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *New Jersey State Aid/ Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

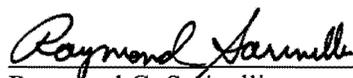
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities, and is not intended to be and should not be, used by anyone other than these specified parties.

October 15, 2010
Mount Arlington, New Jersey

NISIVOCCIA & COMPANY LLP



Raymond G. Sarinelli
Licensed Public School Accountant #864
Certified Public Accountant

**PARSIPPANY-TROY HILLS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2009			Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2010		
					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor						Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor
New Jersey Department of Education:															
American Recovery & Reinvestment Act:															
Equilization Aid - ESF	84.394	N/A	7/1/09-6/30/10	\$ 136,521				\$ 136,521	\$ (136,521)						
Equilization Aid - GSF	84.397	N/A	7/1/09-6/30/10	5,285				5,285	(5,285)						
Total New Jersey Department of Education								141,806	(141,806)						
U.S. Department of Education Passed-through State Department of Education:															
No Child Left Behind Consolidated Grant:															
Title I	84.010A	NCLB395010	9/1/09-8/31/10	255,989				95,733	(222,166)			\$ 126,433			
Title II, Part A	84.278A	NCLB395010	9/1/09-8/31/10	137,990					(61,223)			61,223			
Title II, Part D	84.318A	NCLB395010	9/1/09-8/31/10	2,541					(2,037)			2,037			
Title III	84.162A	NCLB395010	9/1/09-8/31/10	86,308					(5,314)			5,314			
Title IV	84.186A	NCLB395010	9/1/09-8/31/10	13,838				3,665	(5,106)			1,441			
Title I	84.010A	NCLB395009	9/1/08-8/31/10	276,294	\$ 227,397		\$ 20,762	207,042	(27,742)			27,335			
Title I - SIA Allocation	84.010A	NCLB395009	9/1/08-8/31/10	10,087		\$ 2,300		5,102				\$ 7,402			
Title II, Part A	84.278A	NCLB395009	9/1/08-8/31/10	131,045	79,431			69,503	(50,624)			60,552			
Title II, Part D	84.318A	NCLB395009	9/1/08-8/31/10	2,294	288			178	(1,879)			1,989			
Title III	84.162A	NCLB395009	9/1/08-8/31/10	93,910	8,467		26,592	38,576	(59,998)	\$ 795		2,502			
Title III - Immigrant	84.162A	NCLB395009	9/1/08-8/31/10	77,402	3,415			76,681	(73,267)	1					
Title IV	84.186A	NCLB395009	9/1/08-8/31/10	14,246	2,218			973	(11,712)			12,957			
Title I	84.010A	NCLB395008	9/1/07-8/31/09	260,998											
Title II, Part A	84.278A	NCLB395008	9/1/07-8/31/09	140,516				2,095					\$ 2,095		
Title II, Part D	84.318A	NCLB395008	9/1/07-8/31/09	1,727				110					110		
Title III	84.162A	NCLB395008	9/1/07-8/31/09	80,705				27,329	(26,592)				737		
Title IV	84.186A	NCLB395008	9/1/07-8/31/09	19,672				1,245					1,245		
Title V	84.298A	NCLB395008	9/1/07-8/31/09	8,894				373					373		
Title I	84.010A	NCLB395007	9/1/06-8/31/08	271,409			\$ 6,157	(218)					5,939		
Title II, Part A	84.278A	NCLB395007	9/1/06-8/31/08	136,422			7,833						7,833		
Title III	84.162A	NCLB395007	9/1/06-8/31/08	105,716			1,716						1,716		
Title IV	84.186A	NCLB395007	9/1/06-8/31/08	18,255			2,121						2,121		
Title V	84.298A	NCLB395007	9/1/06-8/31/08	10,076			4,846						4,846		
Title I	84.010A	NCLB395006	9/1/05-8/31/07	268,847			4,328				\$ 4,328				
Title II, Part D	84.318A	NCLB395006	9/1/05-8/31/07	4,728			408				408				
Title III	84.162A	NCLB395006	9/1/05-8/31/07	142,697			934				934				
Title IV	84.186A	NCLB395006	9/1/05-8/31/07	20,940			54				54				
Special Education Cluster:															
I.D.E.A. Part B, Basic	84.027	IDEA395010	9/1/09-8/31/10	1,555,250				983,692	(1,412,829)				429,137		
I.D.E.A. Part B, Basic	84.027	IDEA395009	9/1/08-8/31/10	1,572,974	418,763			409,499	(91,117)	9,264			91,117		
I.D.E.A. Part B, Preschool	84.173	IDEA395010	9/1/09-8/31/10	57,639				57,639	(57,639)						
I.D.E.A. Part B, Preschool	84.173	IDEA395009	9/1/08-8/31/09	55,744	8,143		3,015	5,128							
I.D.E.A. Part B, Preschool	84.173	IDEA395008	9/1/07-8/31/08	58,800			3,015								
I.D.E.A. Part B, Preschool	84.173	IDEA395007	9/1/06-8/31/08	58,111			2,279							2,279	

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2009			Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2010		
					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor						Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor
U.S. Department of Education Passed-through State Department of Education (Cont'd):															
Special Education Cluster (Cont'd):															
American Recovery and Reinvestment Act:															
I.D.E.A. Part B, Basic	84.391	IDEA395011	7/1/09-8/31/11	\$ 1,672,307					\$ (1,110,492)			\$ 1,110,492			
I.D.E.A. Part B, Preschool	84.392	IDEA395011	7/1/09-8/31/11	60,463					(8,771)			8,771			
Special Education Cluster Subtotal					\$ 426,906	\$ 3,015	\$ 2,279		\$ 1,455,958	(2,680,848)	\$ 9,264		1,639,517	\$ 2,279	
Total U.S. Department of Education					748,122	57,011	30,676		1,953,411	(3,201,916)	10,060	\$ 5,724	1,941,300	\$ 7,402 29,294	
U.S. Department of Health and Human Services Passed-through State Department of Education:															
Special Education Medicaid Initiative	93.778	N/A	7/1/09-6/30/10	23,570				7,058	(23,570)				16,512		
Total U.S. Department of Health and Human Services								7,058	(23,570)				16,512		
U.S. Department of Labor Passed-through State Department of Education:															
American Recovery and Reinvestment Act:															
COBRA Premium Assistance	17.151	N/A	7/1/09-6/30/10	18,681				14,110	(18,681)				4,571		
Total U.S. Department of Labor								14,110	(18,681)				4,571		
U.S. Department of Agriculture Passed-through State Department of Education:															
Child Nutrition Cluster:															
U.S.D.A Commodities Program	10.555	N/A	9/1/09-6/30/10	159,252				159,252	(159,252)						
National School Lunch Program	10.555	N/A	9/1/09-6/30/10	351,187				323,072	(351,187)				28,115		
National School Lunch Program	10.555	N/A	9/1/08-6/30/09	307,113	91,200			91,200							
Child Nutrition Cluster Subtotal					91,200			573,524	(510,439)				28,115		
Total U.S. Department of Agriculture					91,200			573,524	(510,439)				28,115		
Total Federal Financial Awards					\$ 839,322	\$ 57,011	\$ 30,676	\$ -0-	\$ 2,689,909	\$ (3,896,412)	\$ 10,060	\$ 5,724	\$ 1,990,498	\$ 7,402 29,294	

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010			Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustment	Balance at June 30, 2010			MEMO		
				Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor						GAAP Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures	
New Jersey Department of Education																	
General Fund:																	
Transportation Aid	09-495-034-5120-014	7/1/08 - 6/30/09	1,263,944	\$ 108,299				\$ 108,299									
Special Education Aid	09-495-034-5120-089	7/1/08 - 6/30/09	4,226,599	362,147				362,147									
Equalization Aid	09-495-034-5120-078	7/1/08 - 6/30/09	805,097	68,983				68,983									
Security Aid	09-495-034-5120-084	7/1/08 - 6/30/09	613,596	52,575				52,575									
Extraordinary Special Education Costs	09-495-034-5120-473	7/1/08 - 6/30/09	743,000	743,000				743,000									
Nonpublic Transportation Aid	09-495-034-5120-005	7/1/08 - 6/30/09	65,999	65,999				65,999									
Reimbursed TPAF Social Security Contributions	09-495-034-5095-002	7/1/08 - 6/30/09	4,181,208	197,197				197,197									
Transportation Aid	10-495-034-5120-014	7/1/09 - 6/30/10	1,058,046					920,765	\$ (1,058,046)					\$ 137,281	\$ 1,058,046		
Special Education Aid	10-495-034-5120-089	7/1/09 - 6/30/10	2,847,366					2,477,921	(2,847,366)					369,445	2,847,366		
Equalization Aid	10-495-034-5120-078	7/1/09 - 6/30/10	421,337					348,269	(421,337)					73,068	421,337		
Security Aid	10-495-034-5120-084	7/1/09 - 6/30/10	401,157					349,107	(401,157)					52,050	401,157		
Extraordinary Special Education Costs	10-495-034-5120-473	7/1/09 - 6/30/10	753,141						(753,141)			\$ 753,141		753,141	753,141		
Nonpublic Transportation Aid	10-495-034-5120-005	7/1/09 - 6/30/10	54,280						(54,280)			54,280		54,280	54,280		
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	7/1/09 - 6/30/10	4,336,226					4,336,226	(4,336,226)								4,336,226
Total General Fund State Aid				1,598,200				10,030,488	(9,871,553)			807,421		1,439,265	9,871,553		
Special Revenue Fund:																	
New Jersey Nonpublic Aid:																	
Textbook Aid	10-100-034-5120-064	9/1/09 - 6/30/10	31,118					31,118	(31,118)								31,118
Nursing Services	10-100-034-5120-070	9/1/09 - 6/30/10	36,902					36,902	(36,902)								36,902
Auxiliary Services	10-100-034-5120-067	9/1/09 - 6/30/10	69,542					69,542	(32,734)					\$ 36,808			32,734
Handicapped Services	10-100-034-5120-068	9/1/09 - 6/30/10	108,595					108,540	(70,367)			55		38,228	55		70,367
New Jersey Nonpublic Aid:																	
Textbook Aid	09-100-034-5120-064	9/1/08 - 6/30/09	29,682			\$ 1,592				\$ 1,592							
Auxiliary Services	09-100-034-5120-067	9/1/08 - 6/30/09	82,576			30,556				30,556							
Handicapped Services	09-100-034-5120-068	9/1/08 - 6/30/09	137,000			49,965				49,965							
Total Special Revenue Fund						82,113		246,102	(171,121)			82,113		55	75,036	55	171,121
Debt Service Fund:																	
Type II Aid	10-100-034-5120-125	7/1/09-6/30/10	643,151					643,151	(643,151)								643,151
Total Debt Service Fund								643,151	(643,151)								643,151

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2009			Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustment	Balance at June 30, 2010			MEMO	
				Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor						GAAP Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
Capital Projects Fund:																
School Development Authority (SDA)																
	3950-100-09-1001	7/1/04 - 6/30/08	\$ 185,840	\$ 185,840												\$ 185,840
	3950-100-09-1002	7/1/04 - 6/30/08	388,560	388,560												388,560
	3950-100-09-1003	1/15/09 - 6/30/10	251,840	251,840												251,840
	3950-100-09-1004	1/15/09 - 6/30/10	52,160	52,160												52,160
	3950-100-09-1005	1/15/09 - 6/30/10	29,500	29,500												29,500
	3950-100-09-1006	5/20/09 - 6/30/10	71,355	63,780						\$ 7,575						71,355
	3950-100-09-1007	5/20/09 - 6/30/10	66,448	58,100						8,348						66,448
	3950-100-09-1008	5/20/09 - 6/30/10	75,309	65,440						9,869						75,309
	3950-100-09-1009	5/20/09 - 6/30/10	50,280	50,280												50,280
Total Capital Projects Fund				1,145,500							25,792					1,171,292
Enterprise Fund																
	10-100-010-3350-023	9/1/09 - 6/30/10	25,990					\$ 23,945	\$ (25,990)			\$ 2,045				2,045
	09-100-010-3350-023	9/1/08 - 6/30/09	24,769	7,276				7,276								\$ 25,990
Total Enterprise Fund				7,276				31,221	(25,990)			2,045				2,045
Total State Financial Awards				\$ 2,750,976	\$ -0-	\$ 82,113	\$ -0-	\$ 10,950,962	\$ (10,711,815)	\$ 82,113	\$ 25,792	\$ 809,521	\$ -0-	\$ 75,036	\$ 2,612,657	\$ 10,711,815

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal and state awards include federal and state financial awards activity of the Board of Education, Parsippany-Troy Hills School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards are presented using the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of Federal OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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 payment in the current budget year, which is mandated pursuant to P.L. 2004, c.97. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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 revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(39,840) for the General Fund and \$(1,020,416) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. The schedule of expenditures of state awards includes \$18,681 of ARRA Cobra Premium Assistance, which is not separately reflected as revenue in the District's basic financial statements. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Noncontributory Insurance or Post Retirement Contributions revenue of \$188,642 and \$3,542,960 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ 165,376	\$ 13,563,315	\$ 13,728,691
Special Revenue Fund	2,138,365	214,256	2,352,621
Debt Service Fund		643,151	643,151
Food Service Fund	510,439	25,990	536,429
Total Financial Assistance	<u>\$ 2,814,180</u>	<u>\$ 14,446,712</u>	<u>\$ 17,260,892</u>

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 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.

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Parsippany-Troy Hills School District had no loan balances outstanding at June 30, 2010.

NOTE 6. NEW JERSEY SCHOOL DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has active grants awarded in the amount of \$1,171,292 from the School Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2010, \$-0- has been expended and drawn down on a GAAP basis. The District realizes the grant revenue in the Capital Projects Fund on the budgetary basis when it is awarded and on the GAAP basis when it is expended and submitted for reimbursement.

NOTE 7. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2010. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major federal and state programs.
- An unqualified report was issued on the District's compliance for major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with Federal OMB Circular A-133, *Audits of State, Local Governments, and Nonprofit Organizations* and New Jersey's NJOMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Awards, State Grants, and State Aid*.
- The District's major programs for the current fiscal year consisted of the following federal and state awards:

	Federal CFDA Number or State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
Federal:				
American Recovery Reinvestment Act:				
Equalization Aid - ESF	84.394	7/1/09-6/30/10	\$ 136,521	\$ 136,521
Equalization Aid - GSF	84.397	7/1/09-6/30/10	5,285	5,285
Special Education Cluster:				
IDEA Part B, Basic	84.027	9/1/09-8/31/10	1,555,250	1,412,829
IDEA Part B, Basic	84.027	9/1/08-8/31/10	1,572,974	91,117
IDEA Part B, Preschool	84.173	9/1/09-8/31/10	57,639	57,639
IDEA Part B, Basic - ARRA	84.391	7/1/09-6/30/10	1,672,307	1,110,492
IDEA Part B, Preschool - ARRA	84.392	7/1/09-6/30/10	60,463	8,771
Child Nutrition Cluster:				
U.S.D.A. Commodities Program	10.555	9/1/09-6/30/10	159,252	159,252
National School Lunch Program	10.555	9/1/09-6/30/10	351,187	351,187
State:				
Special Education Aid	495-034-5120-089	7/1/09-6/30/10	2,847,366	2,847,366
Equalization Aid	495-034-5120-078	7/1/09-6/30/10	421,337	421,337
Security Aid	495-034-5120-084	7/1/09-6/30/10	401,157	401,157
Reimbursed TPAF Contributions	495-034-5095-002	7/1/09-6/30/10	4,336,226	4,336,226

- The Threshold for distinguishing Type A and Type B programs was \$300,000.
- The threshold for distinguishing Type A and Type B state programs was \$321,354.
- The District qualified as a "low-risk" auditee under the provisions of section 530 of the Circular.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

Summary of Auditors' Results: (Cont'd)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey's OMB Circular NJOMB 04-04.

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Status of Prior Year Findings:

The District had no prior year audit findings.