

Parsippany-Troy Hills School District

Parsippany
County of Morris
New Jersey

Comprehensive Annual Financial Report
For the Year Ended
June 30, 2013

Parsippany-Troy Hills School District

Comprehensive Annual Financial Report
For the Year Ended June 30, 2013

Parsippany-Troy Hills School District
Parsippany, New Jersey

Prepared by Parsippany-Troy Hills
Business Office

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Introductory Section

Parsippany-Troy Hills Township Schools

*H. Ronald Smith
Interim School Business Administrator/
Board Secretary*

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Parsippany, NJ 07054-0052
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December 5, 2013

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

Dear Board Members and Constituents:

The Comprehensive Annual Financial Report of the Parsippany-Troy Hills School District (the "District") for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the District's organizational chart, a roster of officials and a list of professionals that provide services to the District. The financial section includes the Independent Auditors' Report, the Management's Discussion and Analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, generally presented on a multi-year basis and is unaudited. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 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 over compliance and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre K through 12. These include general as well as special education for handicapped children. Considerable emphasis is placed on an ESL program serving appropriate students, while both a basic skills and a gifted and talented program are in place to meet students' needs. The District completed the 2012-2013 fiscal year

with an enrollment of 7,270 students, which is an increase of 3 students from the previous year's enrollment.

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

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2012-2013	7,270	1.00%
2011-2012	7,267	1.10%
2010-2011	7,194	-1.10%
2009-2010	7,274	1.63%
2008-2009	7,157	-1.31%

2) ECONOMIC CONDITION AND OUTLOOK: In 2010, the Parsippany-Troy Hills School District completed a \$47.6 million referendum for the expansion of three elementary schools and expansion and renovation of two middle schools and two high schools with a fund balance of approximately \$1 million. These funds are being used over a 3 year period to reduce the principal payments and burden on the taxpayers.

The Board of Education has had a re-evaluation of its enrollment projections for the next 5 years. It clearly indicates a stabilization in the student population showing only minimal growth throughout that period.

Over the past several years, the Board of Education has taken steps to address some key budgetary issues by creating additional Special Education programs within district to help slow the ever increasing out of district tuition costs, and controlling salary and healthcare costs through extensive negotiations and adjustments to program plans. The average health benefit increase over the past 5 years has been approximately 32%. 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. This is coupled with a reduction in State Aid over a 2 year period of almost \$9 million. That has seriously impacted our staff and programs. The shift is also expanding by the State's failure to make its 20th state aid payment for the eighth year in a row, and the added deferral on the 19th payment, which creates an additional burden for the local property taxpayer.

3) MAJOR INITIATIVES: The space provided by the referendum, along with the ability to return and retain Special Education students within the district, has made it possible for the Board of Education to maintain current class size and an instructional environment conducive to the effective delivery of the curriculum.

The Parsippany-Troy Hills School District continues a regular and on-going program of curriculum development and revision. The curriculum is directly aligned with the New Jersey Core Curriculum Content Standards 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 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-Troy Hills School District that the District finds its strengths and its challenges. To accommodate individual student needs, programs such as English as a Second Language and support activities in basic skills and assistance to those children with special needs are an ongoing focus. In order to address the cost of special education out-of-district tuition, the school district has developed a plan to return students to the school district when the return is feasible under the requirements of the child's Individual Education Plan (IEP). It is envisioned that this decision will save the District considerable funds in restricting the growth in the out-of-district tuition account and will enhance the instructional opportunities for those children who will now be able to be educated in the community where they live. 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 school-based objectives 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 environment is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2013.

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, 2013, the District's outstanding debt totals \$41,083,000 of serial bonds.

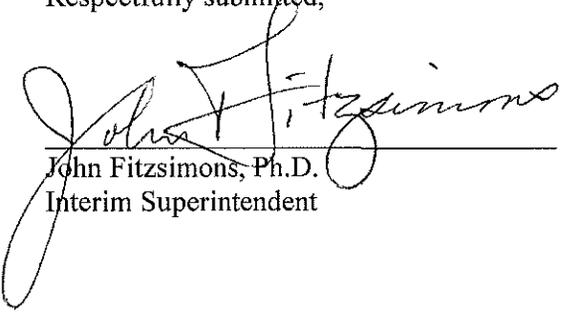
8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statement," Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under 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 Wiss & Company, LLP was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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,



John Fitzsimons, Ph.D.
Interim Superintendent



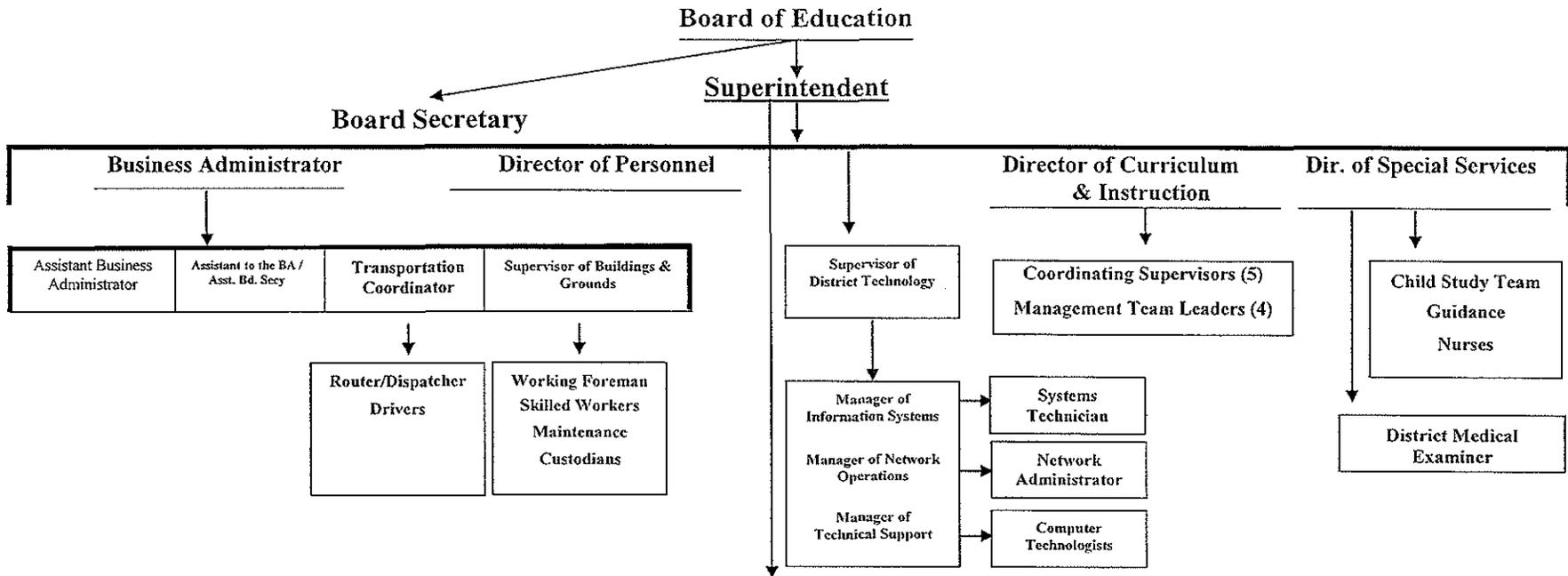
H. Ronald Smith
Interim Business Administrator/Board Secretary

**PARSIPPANY-TROY HILLS TOWNSHIP SCHOOLS
ENROLLMENT COMPARISON
JUNE 30, 2013**

Exhibit A

GRADE	OCT 2011	OCT 2012	MAY 2013	JUNE 2013
K	512	480	476	476
1	540	510	516	513
2	540	502	520	520
3	540	544	533	531
4	537	529	522	522
5	514	529	521	522
SELF CONTAINED K-5 SPECIAL ED	180	270	319	313
K-5	3363	3364	3407	3397
6	523	523	522	522
7	562	531	535	535
8	510	560	566	565
SELF CONTAINED 6-8 SPECIAL ED	65	46	46	46
6-8	1660	1660	1669	1668
9	502	479	483	495
10	528	504	511	510
11	519	538	532	529
12	565	525	524	524
SELF CONTAINED 9-12 SPECIAL ED	38	44	43	31
9-12	2152	2090	2093	2089
TOTAL	7175	7114	7169	7154
(change from OCT 2011)		-61	-6	-21
			OUT OF DISTRICT PLACEMENTS:	TOTAL
				115
			GRAND TOTAL	7269

ORGANIZATIONAL CHART



Elementary Principals (10)	Middle School Principals (2)	High School Principals (2)	Director of PACE (1)
<p>↓</p> <p>Guidance Counselors (10)</p> <p>Teachers</p>	<p>↓</p> <p>Assistant Principals (2)</p> <p>Lead Teachers (12) (Full Teaching Load)</p> <p>Athletic Coordinators (2) (Full Teaching Load)</p> <p>Guidance Coordinators (2) (Full Counseling Load)</p> <p>Student Activities Coordinators (2) (Full Teaching Load)</p> <p>Bursars (1 stipend per school)</p> <p>Middle School Teachers</p>	<p>↓</p> <p>Assistant Principals (6)</p> <p>Lead Teachers (14) (Full Teaching Load)</p> <p>Guidance Coordinators (2) (Full Counseling Load)</p> <p>High School Teachers</p> <p>Athletic Coordinators (3/5 Teaching Load)</p>	<p>↓</p> <p>Staff</p>

**PARSIPPANY-TROY HILLS SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2013**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Susy Golderer, Ed.D., President	2014
Sharif Shamsudin, Vice President	2014
Frank A. Calabria, Ed. D	2015
James Carifi	2015
Anthony DeIntinis	2013
Anthony Mancuso	2013
Gary R. Martin	2014
Fran Orthwein	2013
Michael Strumolo	2013

<u>Other Officers</u>	<u>Title</u>
John Fitzsimons, Ph.D.	Interim Superintendent of Schools
H. Ronald Smith	Interim Business Administrator/Board Secretary
Eileen Hoehne	Director of Personnel
Nancy Gigante, Ed.D.	Director of Curriculum & Instruction
Suzanne Olimpio	Director of Pupil Personnel Services
Susan Tindal, RSBS	Asst. to the Business Administrator

PARSIPPANY-TROY HILLS SCHOOL DISTRICT
Independent Auditors and Advisors

Attorney

Weiner Lesniak LLP
629 Parsippany Road
Parsippany, New Jersey 07054

Audit Firm

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

Official Depository

Provident Bank
401 Smith Road
Parsippany, New Jersey 07054

Financial Section



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Parsippany-Troy Hills School District, County of Morris, New Jersey (the "District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, which consists of the combining and individual fund financial statements, long-term debt schedules and schedules of expenditures of federal awards and state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and the other information such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

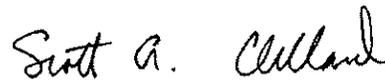
The supplementary information identified above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare

the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information identified above has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

December 5, 2013
Iselin, New Jersey

Required Supplementary Information
Part I

Management's Discussion and Analysis

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

Year ended June 30, 2013
(Unaudited)

As management of the Parsippany-Troy Hills School District, we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the year ended June 30, 2013. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

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

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 24-26 of this report.

Proprietary funds. The District maintains one proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the operations of its food service program.

The basic enterprise fund financial statements can be found on pages 27-29 of this report.

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

The District uses agency funds to account for resources held for student activities and groups, and payroll related liabilities. The basic fiduciary fund financial statements can be found on pages 30-31 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 32-62 of this report.

Other information. The combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 65-103 of this report.

Financial Highlights

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$40,321,583 (net position) for the fiscal year ended June 30, 2013 and our overall financial position has improved in the current year. The following table provides a summary of net assets relating to the District's governmental and business-type activities at June 30, 2013 and 2012:

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

	2013			2012		
	Governmental Activities	Business-type Activities	Total	Governmental Activities (as restated)	Business-type Activities	Total (as restated)
Current and other assets	\$ 16,835,983	\$ 472,551	\$ 17,308,534	\$ 13,776,317	\$ 244,526	\$ 14,020,843
Capital assets, net	70,566,387	322,111	70,888,498	71,929,717	244,661	72,174,378
Total assets	87,402,370	794,662	88,197,032	85,706,034	489,187	86,195,221
Current liabilities	4,990,046	212,796	5,202,842	6,858,269	8,639	6,866,908
Long-term liabilities outstanding	42,672,607		42,672,607	44,133,682		44,133,682
Total liabilities	47,662,653	212,796	47,875,449	50,991,951	8,639	51,000,590
Net position:						
Net investment in capital assets	26,287,324	322,111	26,609,435	27,005,258	244,661	27,249,919
Restricted	8,459,009		8,459,009	6,719,424		6,719,424
Unrestricted	4,993,384	259,755	5,253,139	989,401	235,887	1,225,288
Total net position	\$ 39,739,717	\$581,866	\$ 40,321,583	\$ 34,714,083	\$480,548	\$ 35,194,631

Governmental activities

The increase in current and other assets is mainly attributable to the increase in cash from the prior year, which is mostly the result of the District's operating performance during the year and the increase in state receivables due to the increase in extraordinary aid from the state from the prior year.

Capital assets, net decreased due to the excess of depreciation expense over the capital asset additions during the 2013 fiscal year.

Current liabilities decreased due to an estimated payroll liability for retroactive salary payments being recorded at June 30, 2012 that did not occur again in the 2013 fiscal year.

Long-term liabilities decreased mainly due to the payment of principal on bonds and capital leases outstanding.

The largest portion of the District's net position is its net investment in capital assets. Restricted net position includes those that are subject to restrictions (e.g., for capital projects and debt service, adult education, capital reserve, emergency reserve and excess fund balance in the general fund).

Restricted net position increased during the year ended June 30, 2013 resulting from increases to the capital reserve account and the generation of additional fund balance.

The increase in unrestricted net position of the District is mainly attributable to the result of general fund operations and additional funds designated for subsequent years expenditures.

Business-type activities

The business-type activity net position for the year ended June 30, 2013 of \$101,318 increased from the prior year mainly due to operating results in the 2013 fiscal year. Accounts payable increased due to the timing of the amounts paid to the District's food service vendor.

Government-wide activities. The key elements of the District's net position for the years ended June 30, 2013 and 2012 are as follows:

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

	2013			2012		
	Governmental Activities	Business-type Activities	Total	Governmental Activities (as restated)	Business-type Activities	Total (as restated)
Revenues:						
Program revenues:						
Charges for services	\$ 2,431,644	\$1,639,914	\$ 4,071,558	\$ 2,288,300	\$ 1,820,456	\$ 4,108,756
Operating grants and contributions	2,401,594	580,525	2,982,109	2,309,757	574,150	2,883,907
Capital grants and contributions			-	404,041		404,041
General revenues:						
Property taxes	120,411,379		120,411,379	117,186,684		117,186,684
Federal and state aid not restricted to specific purposes	18,161,615		18,161,615	13,765,153		13,765,153
Miscellaneous	808,104	21,087	829,191	142,307	761	143,068
Total revenues	144,214,336	2,241,526	146,455,862	136,096,242	2,395,367	138,491,609
Expenses:						
Instructional	75,484,895		75,484,895	72,099,227		72,099,227
Support services	59,703,037	2,152,061	61,855,098	58,360,330	2,326,674	60,687,004
Charter school	359,963		359,963	285,780		285,780
Special schools	1,800,842		1,800,842	1,805,198		1,805,198
Interest on long-term debt	1,828,112		1,828,112	1,750,922		1,750,922
Total expenses	139,176,849	2,152,061	141,328,910	134,301,457	2,326,674	136,628,131
Increase (decrease) in net position before transfers	5,037,487	89,465	5,126,952	1,794,785	68,693	1,863,478
Transfers	(11,853)	11,853	-	13,518	(13,518)	-
Change in net position	5,025,634	101,318	5,126,952	1,808,303	55,175	1,863,478
Net position – beginning of year (as restated)	34,714,083	480,548	35,194,631	32,905,780	425,373	33,331,153
Net position – end of year	\$ 39,739,717	\$ 581,866	\$ 40,321,583	\$ 34,714,083	\$ 480,548	\$ 35,194,631

Governmental activities

Capital grants and contributions decreased mainly due to the completion of SDA capital projects in the prior year within the capital projects fund.

The increase in unrestricted federal and state aid is mainly the result of receiving additional state aid in 2013 as compared to the prior year, mainly attributable to the on-behalf pension benefits paid for by the State on behalf of the District.

Instructional expenses increased mainly due to salary increases related to the settled employment contracts.

Business-type activities

Overall, the net position of the business-type activities changed by \$101,318 due to positive 2013 operating results. The District continued to utilize the services of an outside food service management company instead of running the food service operations in-house.

Financial Analysis of the District's Funds

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

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

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, Special Revenue Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2013, and the increases and decreases in relation to prior year. The Capital Projects Fund has been excluded as amounts vary substantially from year to year.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2012</u>	<u>Percent of Increase (Decrease)</u>
Local sources	\$123,255,391	85.7%	\$ 3,586,912	3.0%
State sources	18,230,758	12.7	4,641,375	34.2
Federal sources	2,296,403	1.6	(146,635)	(6.0)
Total	<u>\$143,782,552</u>	<u>100.0%</u>	<u>\$ 8,081,652</u>	<u>6.0%</u>

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

The increase in state sources is mainly attributable to an increase in state aid during the current year as compared with the prior year, mainly from extraordinary aid and the on-behalf pension benefits paid by the State on behalf of the District.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2013, and the increases and decreases related to the prior year. The Capital Projects Fund has been excluded as amounts vary substantially from year to year.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2012	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$ 52,749,369	37.5%	\$ 293,200	0.6%
Undistributed	78,641,853	56.0	1,718,133	2.2
Capital outlay	3,539,862	2.5	162,896	4.8
Charter schools	359,963	0.3	74,183	26.0
Special schools	1,800,842	1.3	(4,357)	(0.2)
Debt service:				
Principal	1,500,000	1.1	150,000	11.1
Interest	1,853,823	1.3	(62,343)	(3.3)
Total	\$140,445,712	100.0%	\$ 2,331,712	1.7%

The increase in instruction and undistributed is mainly attributable to the increase in salaries and an increase in the on-behalf post-retirement benefit contributions paid by the State on behalf of the District offset by a reduction of health benefit expenditures due to the increased contributions from employees related to Chapter 78.

General Fund Budgetary Highlights

Overall there were no additional appropriations made to the original budget as compared to the final budget. During the year, revenues exceeded budgetary estimates and expenditures were under budgetary estimates, thus eliminating the need to draw upon any additional existing fund balance.

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

- Total instruction – regular programs - an increase of \$444,825 is due to out of District students returning to the District.
- Total undistributed instruction - a decrease of \$722,059 is due to out of District students returning to the District and tuition to other LEA's decreasing.

- Other support services - students - extra services - an increase of \$469,072 is due to students returning to the District and as a result the District had to hire consultants and other various professionals to provide support services.
- Energy - a decrease of \$455,037 is due to the installation of solar panels in the prior year which resulted in energy savings in addition to a mild winter.
- Unallocated health benefits - a decrease of \$748,417 is mainly attributable to the decrease in health benefits premiums as a result of negotiated savings for health benefits costs and the increased employee contributions to offset the cost of health benefits.

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

- Energy - a positive variance of \$398,722 is due to the installation of solar panels in the District in the prior year in addition to a mild winter.
- Unallocated health benefits - a positive variance of \$992,814 is mainly attributable to an increase in employee copays, more employees waiving their health benefits, and an increase in the Chapter 78 deductions.

Capital Assets

At the end of the fiscal years ended June 30, 2013 and 2012, the District had \$70,888,498 and \$72,174,378, respectively, invested in land, building and building improvements and machinery and equipment, net of accumulated depreciation or amortization.

	Capital Assets (Net of Depreciation)			
	Governmental Activities		Business-type Activities	
	2013	2012	2013	2012
Land	\$ 3,956,475	\$ 3,956,475		
Building and building improvements	64,447,824	65,889,106		
Machinery and equipment	2,162,088	2,084,136	\$ 322,111	\$ 244,661
Total	\$ 70,566,387	\$ 71,929,717	\$ 322,111	\$ 244,661

The decrease in building and building improvements is due depreciation expense that exceeded additions during the 2013 fiscal year. The increase in machinery and equipment is due to new additions over depreciation expense during the 2013 fiscal year.

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

Debt Administration

At June 30, 2013, the District had \$45,935,993 of outstanding long-term liabilities. Of this amount, \$958,817 is for compensated absences; \$41,083,000 of serial bonds for school construction; \$84,337 is for a legal liability; \$767,252 is for other post-employment retirement benefits payable; and \$3,042,587 is for capital leases.

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

Economic Factors and Next Year's Budget

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

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

1. The District is entered into a Local Government Energy Audit Program to assess evaluating potential energy conservation measures (ECMs) and cost reduction opportunities. The District has hired an energy supply company to assist in defining the projects in response to the energy audit findings.
2. The Board continues its focus on technological upgrades and advancements in instructional opportunities for students and staff. There are increased budgetary allocations through lease purchase to upgrade computers and technology on all educational levels in the District. The District is infusing technological instructional tools by providing ipads to all incoming freshmen.

All of the above factors were considered in preparing the District's 2013-14 fiscal year budget.

Requests for Information

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

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2013.

Parsippany-Troy Hills School District

Statement of Net Position

June 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 11,734,548	\$ 345,508	\$ 12,080,056
Accounts receivable	2,679,467	43,431	2,722,898
Internal balances	(63,660)	63,660	-
Inventories		19,952	19,952
Restricted assets:			
Cash and cash equivalents	2,424,278		2,424,278
Accounts receivable	61,350		61,350
Capital assets, non-depreciable	3,956,475		3,956,475
Capital assets, depreciable, net	66,609,912	322,111	66,932,023
Total assets	<u>87,402,370</u>	<u>794,662</u>	<u>88,197,032</u>
Liabilities			
Accounts payable and accrued liabilities	446,495	208,164	654,659
Accrued interest payable	717,733		717,733
Payable to state government	56,382		56,382
Unearned revenue	506,050	4,632	510,682
Current portion of long-term obligations	3,263,386		3,263,386
Noncurrent portion of long-term obligations	42,672,607		42,672,607
Total liabilities	<u>47,662,653</u>	<u>212,796</u>	<u>47,875,449</u>
Net position			
Net investment in capital assets	26,287,324	322,111	26,609,435
Restricted for:			
Capital projects	507,142		507,142
Other purposes	7,951,867		7,951,867
Unrestricted	4,993,384	259,755	5,253,139
Total net position	<u>\$ 39,739,717</u>	<u>\$ 581,866</u>	<u>\$ 40,321,583</u>

Parsippany-Troy Hills School District

Statement of Activities

Year ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities						
Instruction						
Regular	\$ 54,157,270			\$ (54,157,270)		\$ (54,157,270)
Special education	13,587,574		\$ 812,803	(12,774,771)		(12,774,771)
Other instruction	4,981,003			(4,981,003)		(4,981,003)
School sponsored instruction	2,759,048			(2,759,048)		(2,759,048)
Support services:						
Tuition	8,690,359	\$ 336,408	1,588,791	(6,765,160)		(6,765,160)
Student activities	17,441,201			(17,441,201)		(17,441,201)
Instruction services	4,448,633			(4,448,633)		(4,448,633)
General administration services	955,550			(955,550)		(955,550)
School administration services	6,781,852			(6,781,852)		(6,781,852)
Central services	1,988,419			(1,988,419)		(1,988,419)
Admin information technology	934,141			(934,141)		(934,141)
Plant operations and maintenance	11,334,513			(11,334,513)		(11,334,513)
Pupil transportation	7,128,369			(7,128,369)		(7,128,369)
Interest on long-term debt	1,828,112			(1,828,112)		(1,828,112)
Charter schools	359,963			(359,963)		(359,963)
Special schools	1,800,842	2,095,236		294,394		294,394
Total governmental activities	139,176,849	2,431,644	2,401,594	(134,343,611)		(134,343,611)
Business-type activities						
Food service	2,152,061	1,639,914	580,525		\$ 68,378	68,378
Total business-type activities	2,152,061	1,639,914	580,525		68,378	68,378
Total primary government	\$ 141,328,910	\$ 4,071,558	\$ 2,982,119	(134,343,611)	68,378	(134,275,233)
General revenues						
Property taxes, levied for general purposes				117,978,486		117,978,486
Property taxes, levied for debt service				2,432,893		2,432,893
State aid not restricted				18,097,351		18,097,351
Federal aid not restricted				64,264		64,264
Investment earnings				40,140	768	40,908
Miscellaneous income				767,964	20,319	788,283
Transfers				(11,853)	11,853	
Total general revenues and transfers				139,369,245	32,940	139,402,185
Change in net position				5,025,634	101,318	5,126,952
Net position—beginning (as restated)				34,714,083	480,548	35,194,631
Net position—ending				\$ 39,739,717	\$ 581,866	\$ 40,321,583

Fund Financial Statements

Governmental Funds

Parsippany-Troy Hills School District
Governmental Funds

Balance Sheet

June 30, 2013

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Assets					
Cash and cash equivalents	\$ 10,670,210		\$ 1,064,338		\$ 11,734,548
Accounts receivable:					
State	1,075,804				1,075,804
Federal	626	\$ 1,391,384			1,392,010
Interfund	1,828,650			\$ 2,196	1,830,846
Other	186,380	6,676			193,056
Restricted assets:					
Cash and cash equivalents	2,424,278				2,424,278
Accounts receivable	61,350				61,350
Total assets	<u>\$ 16,247,298</u>	<u>\$ 1,398,060</u>	<u>\$ 1,064,338</u>	<u>\$ 2,196</u>	<u>\$ 18,711,892</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 404,375	\$ 31,048			\$ 435,423
Intergovernmental payables:					
State		56,382			56,382
Interfunds payable	74,732	1,255,053	\$ 557,196		1,886,981
Unearned revenue	450,473	55,577			506,050
Total liabilities	<u>929,580</u>	<u>1,398,060</u>	<u>557,196</u>		<u>2,884,836</u>
Fund balances:					
Restricted for:					
Capital reserve	1,181,773				1,181,773
Emergency reserve	263,208				263,208
Adult education program	1,040,647				1,040,647
Capital projects			507,142		507,142
Debt service				\$ 2,196	2,196
Excess surplus-current year	3,238,650				3,238,650
Excess surplus-prior year	2,227,589				2,227,589
Assigned to:					
Designated for subsequent year expenditures	2,945,612				2,945,612
Other purposes	1,734,096				1,734,096
Unassigned	2,686,143				2,686,143
Total fund balances	<u>15,317,718</u>		<u>507,142</u>	<u>2,196</u>	<u>15,827,056</u>
Total liabilities and fund balances	<u>\$ 16,247,298</u>	<u>\$ 1,398,060</u>	<u>\$ 1,064,338</u>	<u>\$ 2,196</u>	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$104,423,285 and the accumulated depreciation is \$33,856,898.	70,566,387
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(717,733)
Long-term liabilities, including bonds payable, capital leases, legal settlement, other post employment benefits payable liabilities and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(45,935,993)</u>
Net position of governmental activities	<u>\$ 39,739,717</u>

Parsippany-Troy Hills School District
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2013

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues:					
Local sources:					
Local tax levy	\$ 117,978,486			\$ 2,432,893	\$ 120,411,379
Tuition from individuals	336,408				336,408
Interest	37,951		\$ 895		38,846
Interest on capital reserve	882				882
Interest on maintenance reserve	412				412
Miscellaneous	2,432,311	\$ 36,048			2,468,359
Total local sources	120,786,450	36,048	895	2,432,893	123,256,286
State sources	17,529,123	133,407		568,228	18,230,758
Federal sources	64,264	2,232,139			2,296,403
Total revenues	138,379,837	2,401,594	895	3,001,121	143,783,447
Expenditures:					
Current:					
Regular instruction	37,666,229				37,666,229
Special education instruction	8,781,257	812,803			9,594,060
Other instruction	3,426,107				3,426,107
School sponsored instruction	2,062,973				2,062,973
Support services & undist costs:					
Tuition	7,215,568	1,588,791			8,804,359
Student services	12,141,029				12,141,029
Instruction services	3,657,933				3,657,933
General administration	833,270				833,270
School administration	4,816,528				4,816,528
Central services	1,428,299				1,428,299
Admin info technology	773,555				773,555
Plant oper. & maintenance	8,695,511				8,695,511
Pupil transportation	6,417,563				6,417,563
Unallocated benefits	31,073,806				31,073,806
Capital outlay	3,539,862				3,539,862
Charter school	359,963				359,963
Special schools	1,800,842				1,800,842
Debt service:					
Principal				1,500,000	1,500,000
Interest				1,853,823	1,853,823
Total expenditures	134,690,295	2,401,594	-	3,353,823	140,445,712
Excess (deficiency) of revenues over (under) expenditures	3,689,542	-	895	(352,702)	3,337,735
Other financing sources (uses):					
Insurance proceeds from Super Storm Sandy	430,889				430,889
Capital leases (non-budgeted)	1,005,000				1,005,000
Transfers in				350,895	350,895
Transfers out	(11,853)		(350,895)		(362,748)
Total other financing sources (uses)	1,424,036	-	(350,895)	350,895	1,424,036
Net change in fund balances	5,113,578	-	(350,000)	(1,807)	4,761,771
Fund balances, July 1	10,204,140		857,142	4,003	11,065,285
Fund balances, June 30	\$ 15,317,718	-	\$ 507,142	\$ 2,196	\$ 15,827,056

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

Parsippany-Troy Hills School District
Governmental Funds

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

Year ended June 30, 2013

Total net change in fund balances - governmental funds (from B-2) **\$ 4,761,771**

Amounts reported for governmental activities in the statement
of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is
allocated over their estimated useful lives as depreciation expense.

This is the amount by which depreciation expense exceeded capital
additions in the period.

Capital additions	\$ 1,565,194	
Depreciation expense	<u>(2,928,524)</u>	(1,363,330)

In the statement of activities, interest on long-term debt/capital leases is
accrued, regardless of when due. In the governmental funds, interest is
reported when due. The amount presented is the change from prior year. 25,711

Payments of legal settlements that are expenditures in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net
position and is not reported in the statement of activities. 114,000

Repayments of bond principal are expenditures in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net
position and is not reported in the statement of activities. 1,500,000

Other Postemployment Benefit (OPEB) payable is reported in the
statement of net position but does not require the use of current
financial resources and therefore is not reported in the Governmental
Funds. (9,514)

Capital Leases entered into by the district are other financing sources in
the Governmental Funds, but the acquisition increases long-term
liabilities in the statement of net position and is not reported in the
the statement of activities. (1,005,000)

Repayment of capital leases is an expenditure in the Governmental Funds,
but the repayment reduces long-term liabilities in the statement of
net position and is not reported in the statement of activities. 1,007,538

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). (5,542)

Change in net position of governmental activities (A-2) **\$ 5,025,634**

Enterprise Fund

Parsippany-Troy Hills School District
Enterprise Fund

Statement of Net Position

June 30, 2013

	Major Fund
	Food
	Service
Assets	
Current assets:	
Cash and cash equivalents	\$ 345,508
Accounts receivable:	
State	2,718
Federal	29,516
Other	11,197
Inventories	19,952
Interfund receivable	63,660
Total current assets	472,551
Non-current assets:	
Capital assets:	
Equipment	503,073
Accumulated depreciation	(180,962)
Total capital assets, net	322,111
Total assets	794,662
Liabilities	
Current liabilities:	
Accounts payable	208,164
Unearned revenue	4,632
Total current liabilities	212,796
Net position	
Net investment in capital assets	322,111
Unrestricted	259,755
Total net position	\$ 581,866

Parsippany-Troy Hills School District
Enterprise Fund

Statement of Revenues, Expenses and
Changes in Net Position

Year ended June 30, 2013

	<u>Major Fund</u> <u>Food Service</u>
Operating revenues:	
Local sources:	
Daily food sales-reimbursable programs	\$ 1,439,559
Special event income	200,355
Total operating revenues	<u>1,639,914</u>
Operating expenses:	
Cost of sales	965,987
Salaries and wages	671,753
Employee benefits	155,608
Supplies, insurance & other costs	219,684
Depreciation expense	29,034
Management fee	92,811
Miscellaneous expense	17,184
Total operating expenses	<u>2,152,061</u>
Operating loss	(512,147)
Nonoperating revenues:	
State sources:	
State school lunch program	21,955
Federal sources:	
National school lunch program	454,075
Food donation program	104,495
Local sources:	
Interest	768
Total nonoperating revenues	<u>581,293</u>
Change in net position before transfer and insurance proceeds	69,146
Transfers in - Board contribution	11,853
Insurance Recovery from Super Storm Sandy	20,319
Total transfers and insurance proceeds	<u>32,172</u>
Change in net position	101,318
Total net position-beginning	<u>480,548</u>
Total net position-ending	<u><u>\$ 581,866</u></u>

See independent auditors' report and accompanying notes to the basic financial statements.

Parsippany-Troy Hills School District
Enterprise Fund

Statement of Cash Flows

Year ended June 30, 2013

	Major Fund
	Food
	Service
Cash flows from operating activities	
Receipts from customers	\$ 1,644,722
Payments for salaries and wages	(671,753)
Payments for employee benefits	(155,608)
Payments to suppliers	(1,093,562)
Net cash used in operating activities	(276,201)
Cash flows from noncapital financing activities	
State school lunch program	20,614
National school lunch program	450,568
Food donation program	109,127
Cash paid to other funds	(63,660)
Insurance proceeds	20,319
Board contribution	11,853
Net cash provided by noncapital financing activities	548,821
Cash flows from capital and related financing activities	
Acquisition of capital assets	(106,484)
Net cash used for capital and related financing activities	(106,484)
Cash flows from investing activities	
Interest received	768
Net cash provided by investing activities	768
Net increase in cash and cash equivalents	166,904
Cash and cash equivalents, beginning of year	178,604
Cash and cash equivalents, end of year	\$ 345,508
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (512,147)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	29,034
Change in assets and liabilities:	
Decrease in other accounts receivable	4,808
Decrease in inventory	2,579
Increase in accounts payable	199,525
Net cash used in operating activities	\$ (276,201)

Noncash noncapital financing activities:

The District received \$109,127 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2013.

Fiduciary Funds

Parsippany-Troy Hills School District
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2013

	Unemployment Compensation Trust Fund	Private Purpose Scholarship Trust Funds	Agency Fund
Assets			
Cash and cash equivalents	\$ 1,670,219	\$ 52,569	\$3,100,644
Interfund receivable	11,072		
	<u>1,681,291</u>	<u>52,569</u>	<u>\$3,100,644</u>
Liabilities			
Interfund payable			\$ 18,597
Accounts payable	10,217		
Due to student groups			494,496
Payroll deductions and withholdings payable			645,183
Summer escrow payable			1,942,368
	<u>10,217</u>		<u>\$3,100,644</u>
Net position:			
Held in trust for:			
Unemployment compensation claims	1,671,074		
Scholarships		52,569	
	<u>\$ 1,671,074</u>	<u>\$ 52,569</u>	
Total net position	<u>\$ 1,671,074</u>	<u>\$ 52,569</u>	

Parsippany-Troy Hills School District
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2013

	<u>Unemployment Compensation Trust Fund</u>	<u>Private Purpose Scholarship Trust Funds</u>
Additions:		
Employee contributions	\$ 371,381	
Donations		\$ 48,023
Total Contributions	<u>371,381</u>	<u>48,023</u>
Interest	<u>2,588</u>	<u>61</u>
Total Additions	<u>373,969</u>	<u>48,084</u>
Deductions:		
Unemployment compensation claims	471,504	
Scholarships awarded		33,376
Total deductions	<u>471,504</u>	<u>33,376</u>
Change in net position	(97,535)	14,708
Net position, beginning	<u>1,768,609</u>	<u>37,861</u>
Net position, ending	<u>\$ 1,671,074</u>	<u>\$ 52,569</u>

See independent auditors' report and accompanying notes to the basic financial statements.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements

Year ended June 30, 2013

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

The 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.

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

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

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards as noted on the following page.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

1. Summary of Significant Accounting Policies (continued)

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

B. Government-wide and Fund Financial Statements

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

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

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

1. Summary of Significant Accounting Policies (continued)

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, capital leases, long-term legal liabilities, and other post-employment benefits, are recorded only when payment is due.

Property taxes, interest, and state equalization monies associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year.

The District has reported the following major governmental funds:

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

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

Capital Projects Fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds and state aid that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

1. Summary of Significant Accounting Policies (continued)

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

The District reports the following major proprietary fund:

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

Additionally, the District reports the following fund types:

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

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

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

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

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

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

1. Summary of Significant Accounting Policies (continued)

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

The District reports unearned revenue on its balance sheet and statements of net position. Unearned revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and statements of net position and revenue is recognized.

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for review and approval and are approved by the Board of Education members. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referred in N.J.A.C. 6A:23. The over expenditure in the general fund is due to the inclusion of the non-budgeted on behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over expenditures. All budget amendments must be approved by School Board resolution. Budget amendments were made during the year ended June 30, 2013 and were not significant.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

1. Summary of Significant Accounting Policies (continued)

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

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

E. Cash, Cash Equivalents and Investments

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

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

F. Interfund Receivables/Payables

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

G. Inventories

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2013, the unused USDA commodities of \$4,632 are reported as unearned revenue in the Enterprise Fund.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

1. Summary of Significant Accounting Policies (continued)

H. Capital Assets

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

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

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

	<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

I. Accrued Salaries and Wages

Certain District employees who provided services to the District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but not disbursed amounts be retained in a separate bank account. As of June 30, 2013, the amount earned by these employees but not disbursed was \$1,942,368 and is included in liabilities – summer escrow payable in the fiduciary fund.

J. Compensated Absences

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

1. Summary of Significant Accounting Policies (continued)

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

In the government-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components- the amount due within one year and the amount due in more than one year. The liability for vested compensated absences of the District is recorded in the government-wide financial statements amounted to \$958,817 at June 30, 2013. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Unearned Revenue

Unearned revenue in the general fund represents cash received in advance of the providing of adult education programs. Unearned revenue in the special revenue fund represents cash received from federal, state and local grants, which has been received but not yet earned and outstanding encumbrances.

L. Long-Term Obligations

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

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

1. Summary of Significant Accounting Policies (continued)

M. Net Position

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

Implementation of GASB No. 63

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* became effective for financial statements for periods beginning after December 15, 2011 and established standards for reporting deferred outflows of resources, deferred inflows of resources and net position. The adoption of this statement resulted in a change in the presentation of the statement of net assets to what is now referred to as the statement of net position and the term “net assets” is changed to “net position” throughout the financial statements.

Implementation of GASB No. 65

In March, 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (“GASB No. 65”). This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. The District has not completed the process of evaluating the impact that will result from adopting GASB No. 65.

N. Fund Balances

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

1. Summary of Significant Accounting Policies (continued)

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

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

Of the \$15,317,718 of fund balances in the General Fund at June 30, 2013, \$1,181,773 has been restricted in the capital reserve account, \$263,208 has been restricted in the emergency reserve account, \$1,040,647 has been restricted for the adult education program, \$3,238,650 has been restricted for excess surplus-current year, \$2,227,589 has been restricted for excess surplus-prior year, \$2,945,612 has been classified as assigned fund balance designated for subsequent years expenditures, \$1,734,096 of encumbrances is assigned to other purposes and \$2,686,143 is classified as unassigned.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

1. Summary of Significant Accounting Policies (continued)

The Capital Projects Fund has \$507,142 of fund balance at June 30, 2013 that has been restricted for capital projects.

The Debt Service Fund has \$2,196 of restricted fund balance at June 30, 2013.

O. Management Estimates

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

P. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey social security and post-retirement medical pension contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

Q. Calculation of Excess Surplus

The designation for restricted fund balance excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2013 is \$3,236,650 and will be utilized in its 2014-15 fiscal year budget.

S. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2013 and December 5, 2013, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statement, and no items have come to the attention of the District that would require disclosure, other than the following:

On November 27, 2013, the Interim Executive County Superintendent of Morris County approved the District's request to designate \$1,877,977 of fund balance at June 30, 2013 towards the completion of emergent capital projects.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

1. Summary of Significant Accounting Policies (continued)

T. Restatement of Beginning Balances

The District has restated its June 30, 2012 government-wide net position related to governmental activities (A-2) for a change in the policy for reporting compensated absences. The following presents the effects of the restatement on net position:

Beginning net position	\$32,636,688
Adjustment to compensated absences	2,077,395
Beginning net position, as restated	<u>\$34,714,083</u>

2. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, other post-employment benefits, capital leases, legal liability and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds. The details of this \$45,935,993 difference are as follows:

Bonds payable	\$ 41,083,000
Other post-employment benefit payable	767,252
Legal liability	84,337
Capital leases payable	3,042,587
Compensated absences	<u>958,817</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 45,935,993</u>

3. Deposits and Investments

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

3. Deposits and Investments (continued)

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

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

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, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund (NJCMF) and New Jersey Asset and Rebate Management Fund (NJARM).

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

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

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

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

3. Deposits and Investments (continued)

At June 30, 2013, the carrying amount of the District's deposits was \$19,003,408 and the bank balance was \$21,720,225. Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2013 was secured by federal depository insurance. The New Jersey GUDPA covered the remaining bank balance of \$21,470,225.

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

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

Investments

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

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

3. Deposits and Investments (continued)

New Jersey Asset and Rebate Management Fund

In order to maximize liquidity, the District utilizes the New Jersey Asset and Rebate Management Fund ("NJARM") as its sole investment. The NJARM, which is an investment pool managed by Public Financial Management Company. NJARM allows governments within the state to pool their funds for investment purposes and the Security and Exchange Commission (SEC) does not restrict the pool. Earnings are allocated to all participants based upon shares held in the pool and distributed on the last day of each month. In addition, the fair value of the District's portion of the pool is the same as the value of its shares. Agencies that participate in the NJARM typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJARM on a daily basis without penalty. At June 30, 2013, the District's balance was \$324,358.

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

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

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. At June 30, 2013, all of the District's investments were invested in the NJARM.

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

All of the District's investments are classified as cash equivalents at June 30, 2013.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

4. Capital Assets

The following is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2013:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,956,475			\$ 3,956,475
Total capital assets, not being depreciated	3,956,475			3,956,475
Capital assets, being depreciated:				
Buildings and building improvements	91,731,467	\$ 1,080,682		92,812,149
Machinery, equipment and vehicles	7,311,212	484,512	\$ (141,063)	7,654,661
Total capital assets being depreciated	99,042,679	1,565,194	(141,063)	100,466,810
Less accumulated depreciation for:				
Buildings and building improvements	(25,842,361)	(2,521,964)		(28,364,325)
Machinery, equipment and vehicles	(5,227,076)	(406,560)	141,063	(5,492,573)
Total accumulated depreciation	(31,069,437)	(2,928,524)	141,063	(33,856,898)
Total capital assets, being depreciated, net	67,973,242	(1,363,330)	-	66,609,912
Governmental activities capital assets, net	\$ 71,929,717	\$ (1,363,330)	\$ -	\$ 70,566,387

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

Instruction	\$ 1,815,468
Student activities	417,857
Instruction services	125,895
Central services	49,158
Plant operations and maintenance	299,273
Pupil transportation	220,873
Total depreciation expense – governmental activities	<u>\$ 2,928,524</u>

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

4. Capital Assets (continued)

The following is a summarization of the business-type activities changes in capital assets for the fiscal year ended June 30, 2013:

	Beginning Balance	Increases	Ending Balance
Business-type activities:			
Capital assets, being depreciated:			
Equipment and vehicles	\$ 396,589	\$ 106,484	\$503,073
Less accumulated depreciation for:			
Equipment and vehicles	(151,928)	(29,034)	(180,962)
Total business-type activities capital assets, net	<u>\$ 244,661</u>	<u>\$ 77,450</u>	<u>\$322,111</u>

5. Long-Term Liabilities

During the fiscal year ended June 30, 2013, the following changes occurred in governmental activities long-term liabilities:

	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences payable	\$ 953,275	\$ 546,148	\$ 540,606	\$ 958,817	\$ 573,960
Bonds payable	42,583,000		1,500,000	41,083,000	1,600,000
Legal liability	198,337		114,000	84,337	84,337
Other postemployment benefit payable	757,738	176,513	166,999	767,252	
Obligations under capital leases	3,045,125	1,005,000	1,007,538	3,042,587	1,005,089
Governmental activity long-term liabilities	<u>\$ 47,537,475</u>	<u>\$1,727,661</u>	<u>\$3,329,143</u>	<u>\$45,935,993</u>	<u>\$3,263,386</u>

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

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

Year ended June 30, 2013

5. Long-Term Liabilities (continued)

Bonds Payable

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

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

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

	Principal	Interest	Total
Fiscal year ending June 30:			
2014	\$ 1,600,000	\$ 1,786,010	\$ 3,386,010
2015	1,700,000	1,713,823	4,413,823
2016	1,800,000	1,637,260	3,437,260
2017	1,900,000	1,556,323	3,456,323
2018	2,000,000	1,471,010	3,471,010
2019-2023	11,300,000	5,928,800	17,228,800
2024-2028	11,750,000	3,353,125	15,103,125
2029-2032	9,033,000	788,199	9,821,199
	<u>\$41,083,000</u>	<u>\$18,234,550</u>	<u>\$59,317,550</u>

Bonds Authorized But Not Issued

As of June 30, 2013, the District had no authorized but not issued bonds.

Capital Leases Payable

The District has capital leases outstanding for various purposes (phone system, several buses and various equipment) with rates ranging from 2.75% to 3.97%. The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net future minimum lease payments at June 30, 2013:

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

5. Long-Term Liabilities (continued)

	<u>Amount</u>
Fiscal year ending June 30:	
2014	\$ 1,074,909
2015	854,351
2016	636,581
2017	421,573
2018	<u>209,367</u>
Total minimum lease payment	3,196,781
Less amount representing interest	<u>(154,194)</u>
Present value of net future minimum lease payments	<u>\$ 3,042,587</u>

6. Pension Plans

Description of Systems

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

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage.

Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

6. Pension Plans (continued)

benefit generally determined to be $1/60^{\text{th}}$ of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employee's Retirement System

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

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

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

Defined Contribution Retirement Plan

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

6. Pension Plans (continued)

State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

The District's actuarially determined contributions to PERS amounted to \$1,559,257, \$1,637,873 and \$1,591,808 for the fiscal years ended June 30, 2013, 2012 and 2011, respectively. During the year ended June 30, 2013, the State of New Jersey contributed \$8,100,463 to the TPAF for post-retirement medical benefits and other pension and insurance costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$4,177,460 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the government-wide and fund financial statements.

The employee and employer contributions for the DCRP for the year ended June 30, 2013 were \$32,393 and \$15,409, respectively. For the year ended June 30, 2012, employee and employer contributions for the DCRP were \$23,953 and \$9,327, respectively. For the year ended June 30, 2011, employee and employer contributions for the DCRP were \$3,250 and \$1,704, respectively.

7. Post-Retirement Benefits

Funding Policy

P.L. 1987, chapter 384 and P.L. 1990, chapter 6 required Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, chapter 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012 there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

7. Post-Retirement Benefits (continued)

or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in fiscal year 2012.

The State will set the contribution rate based on the *annual required contribution of the employers* (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2013, 2012 and 2011 were \$4,298,762, \$3,653,238 and \$3,855,093, respectively, which equaled the required contributions for each year. The State's contributions to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

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

Plan Description

The District provides postemployment medical benefits, including prescription drug coverage, and vision and dental care, in accordance with state statute, participating retirees and their beneficiaries. As of June 30, 2011, 2012 and 2013, the valuation date, approximately 6 retirees and 2 deceased (for surviving spouses) meet the eligibility requirements put forth in P.L. 1992, c126. The District sponsors and participates in a single-employer defined benefit OPEB plan. The OPEB plan is administered by the District and does not issue a stand-alone financial statement.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

7. Post-Retirement Benefits (continued)

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

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

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The District has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years. An updated valuation was prepared for the 2013 fiscal year. The following table presents the components of the District's annual OPEB cost for the last three years, the amount actually contributed to the Plan and changes in the District's net OPEB obligation to the Plan at June 30, 2011, 2012 and 2013:

Benefit Obligations and Normal Cost

	<u>6/30/2011</u>	<u>6/30/2012</u>	<u>6/30/2013</u>
Actuarial accrued liability (AAL)	\$4,553,604	\$2,321,680	\$2,321,680
Unfunded actuarial accrued liability (UAAL)	\$4,553,604	\$2,321,680	\$2,321,680
Normal cost at beginning of year	\$182,954	\$193,802	\$164,207
Amortization factor based on 30 years	\$251,911	(\$6,220)	\$26,189
Annual covered payroll	\$77,527,291	\$0	\$0
UAAL as a percentage of covered payroll	5.87%	0%	0%

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

7. Post-Retirement Benefits (continued)

Level Dollar Amortization

Calculation of ARC under Entry Age Method

	<u>6/30/2011</u>	<u>6/30/2012</u>	<u>6/30/2013</u>
ARC normal cost with interest to end of year	\$182,954	\$193,802	\$164,207
Amortization of unfunded actuarial accrued liability (UAAL) over 30 years with interest at year end	<u>251,911</u>	<u>(6,220)</u>	<u>26,189</u>
Total ARC	434,865	187,582	190,396
Interest on net OPEB obligation	10,914	15,591	15,155
Adjustment to OPEB	<u>(19,489)</u>	<u>(27,839)</u>	<u>(29,038)</u>
Annual OPEB cost (expense)	426,290	175,334	176,513
Age adjusted contributions made	(192,468)	(197,097)	(166,999)
Net OPEB obligation - beginning of year	<u>545,679</u>	<u>779,501</u>	<u>757,738</u>
Net OPEB obligation - end of year	<u>\$ 779,501</u>	<u>\$757,738</u>	<u>\$767,252</u>

Funded Status and Funding Progress

As of June 30, 2011, 2012 and 2013, the actuarial accrued liability for benefits was \$4,553,604, \$2,321,680 and \$2,321,680, respectively, all of which was unfunded.

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

Actuarial Valuations

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

7. Post-Retirement Benefits (continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the District and Plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2011, 2012 and 2013 actuarial valuations, the liabilities were computed using the entry age method and level dollar amortization over 30 years of which there are 28 years remaining. The actuarial assumptions include a 2.0% discount rate and an initial healthcare cost trend rate of 9% leveling off to 5% with 1% annual increments for health care and pharmacy benefits and 4% and 3% for dental and vision leveling off to 3%.

8. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2013 amounted to \$1,905,578 analyzed as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,828,650	\$ 74,732
Special Revenue Fund		1,255,053
Capital Projects Fund		557,196
Debt Service Fund	2,196	
Enterprise Fund - Food Service	63,660	
Payroll Agency		18,597
Trust Fund – Unemployment	11,072	
	<u>\$ 1,905,578</u>	<u>\$ 1,905,578</u>

The interfunds between the debt service fund and capital projects fund represents interest earned on investments in the capital projects fund that must be transferred to either the general fund or debt service fund by statute. The interfund between the general fund and special revenue fund represents an allocation of internally pooled cash from the general fund to liquidate a pooled cash deficit. The interfund between general fund, the unemployment fund and the payroll agency fund represents loans between the funds. The interfund between the general fund and the capital projects fund represents a return of funds to the general fund for unspent capital reserve funds not turned over to the general fund. The interfund between the general fund and the enterprise fund is to transfer funds received in the general fund for enterprise fund reimbursements.

All interfunds are expected to be liquidated within one year.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

9. Economic Dependency

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

10. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2013 may be impaired. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA), in connection with its approved referendum projects. The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

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

11. Risk Management

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

Property and Liability Insurance

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

The District is a member of the Pooled Insurance Program of New Jersey (the "Fund"). The public entity risk management pool provides general liability, property and automobile coverage and workers'

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

11. Risk Management (continued)

compensation for its members. However, the District receives only workers' compensation coverage from the Fund. The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep property taxes to a minimum.

Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

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

The June 30, 2013 audit report for the Fund is not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2012 (latest available) is as follows:

Pooled Insurance
Program of New Jersey

Total Assets	<u>\$ 20,490,201</u>
Net Assets	<u>\$ 4,907,675</u>
Total Revenue	<u>\$ 8,109,358</u>
Total Expense	<u>\$ 7,088,647</u>
Change in Net Assets	<u>\$ 1,020,711</u>
Net Assets Distribution to Participating Members	<u>\$ 1,093,152</u>

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

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

11. Risk Management (continued)

New Jersey Unemployment Compensation Insurance

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

	Beginning Balance	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2012-2013	\$ 1,768,609	\$ 2,588	\$ 371,381	\$ 471,504	\$ 1,671,074
2011-2012	1,973,795	5,696	323,279	534,161	1,768,609
2010-2011	2,319,054	8,265	455,946	809,470	1,973,795

12. Transfers

The following presents a reconciliation of transfers during the 2013 fiscal year:

	In	Out
Food Service Enterprise Fund	\$ 11,853	
General Fund		\$ 11,853
Capital Projects Fund		350,895
Debt Service Fund	350,895	
	<u>\$ 362,748</u>	<u>\$ 362,748</u>

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

13. Deferred Compensation Plans

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

13. Deferred Compensation Plans (continued)

403(b) Plan Administrators

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

457 Plan Administrators

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

Roth 403(b) Plan Administrators

Lincoln Investments Planning

14. Capital Reserve Account

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

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

14. Capital Reserve Account (continued)

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning balance, July 1, 2012	\$	716,740
Transferred by:		
June 2013 Board resolution		500,000
Transferred in for:		
Reimbursement of insurance proceeds		430,889
Interest earnings		882
Balance not used from transfer out		88,262
Transferred to capital outlay by		
Board resolution		(555,000)
Ending balance, June 30, 2013	\$	<u>1,181,773</u>

The balance in the capital reserve at June 30, 2013 did not exceed the balance of the local support costs of uncompleted capital projects in the District's approved LRFP. The withdrawals from the capital reserve account for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

15. Emergency Reserve Account

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

15. Emergency Reserve Account (continued)

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

The activity of the emergency reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning balance, July 1, 2012	\$	262,796
Interest earnings		412
Ending balance, June 30, 2013	\$	<u>263,208</u>

16. Restricted assets

The District has set aside cash and cash equivalents and accounts receivable that are classified as restricted assets as they are restricted for use for future capital requirements and emergencies.

17. Commitments

The District has contractual commitments at June 30, 2013 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$1,734,096.

Required Supplementary Information
Part II

Post-Employment Healthcare benefit Plan

Schedule of Funding Progress

Schedule of Employer Contributions

Parsippany-Troy Hills School District

Required Supplementary Information

Schedule of Funding Progress

Post-Employment Healthcare Benefit Plan

Year ended June 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial* Accrued Liability (AAL) Level Dollar (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Accrued Percentage of Covered Payroll (b-a)/c
June 30, 2011	-	\$4,553,604	\$4,553,604	0%	\$77,527,291	5.87%
June 30, 2012	-	\$2,321,680	\$2,321,680	0%	\$0**	0%
June 30, 2013	-	\$2,321,680	\$2,321,680	0%	\$0**	0%

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

** Since there are no active employees of the District that are eligible to participate in the plan in fiscal year 2012 and 2013, as it relates solely to retirees and the enrollment period has expired, the covered payroll is \$0.

Parsippany-Troy Hills School District
Required Supplementary Information
Schedule of Employer Contributions
Post-Employment Healthcare Benefit Plan
Year ended June 30, 2013

Fiscal Year Ended	Annual OPEB Cost
6/30/2011	\$426,290
6/30/2012	175,334
6/30/2013	176,513

Required Supplementary Information
Part III

Budgetary Comparison Schedules

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Local tax levy	\$ 117,978,486		\$ 117,978,486	\$ 117,978,486	
Tuition from individuals	308,200		308,200	336,408	\$ 28,208
Interest				37,951	37,951
Interest on capital reserve funds	5,000	\$ (5,000)		882	882
Interest on emergency reserve funds				412	412
Miscellaneous	2,051,287	5,000	2,056,287	2,432,311	376,024
Total revenues - local sources	120,342,973		120,342,973	120,786,450	443,477
State sources:					
Special education categorical aid	3,987,213		3,987,213	3,987,213	
Equalization aid	91,623		91,623	91,623	
Security Aid	132,053		132,053	132,053	
Extraordinary aid	190,114		190,114	795,646	605,532
Transportation Aid	268,613		268,613	268,613	
Additional Nonpublic Transportation Aid				72,583	72,583
On-behalf TPAF noncontributory insurance (non-budgeted)				190,024	190,024
On-behalf TPAF post retirement benefit contributions (non-budgeted)				7,910,439	7,910,439
Reimbursed TPAF social security contributions (non-budgeted)				4,177,460	4,177,460
Total - state sources	4,669,616		4,669,616	17,625,654	12,956,038
Federal sources:					
Education jobs fund		\$ 626	626	626	
Medicaid reimbursement	10,804		10,804	63,638	52,834
Total - Federal sources	10,804	626	11,430	64,264	52,834
Total revenues	125,023,393	626	125,024,019	138,476,368	13,452,349
Expenditures					
Current Expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool	783,621	(224,000)	559,621	544,247	15,374
Kindergarten	1,541,089	(62,091)	1,478,998	1,421,527	57,471
Grades 1-5	11,938,338	352,607	12,290,945	11,961,468	329,477
Grades 6-8	9,910,704	477,194	10,387,898	9,952,239	435,659
Grades 9-12	11,939,349	(103,913)	11,835,436	11,530,199	305,237
Home Instruction:					
Salaries of teachers	200,000	(98,043)	101,957	92,832	9,125
Undistributed Instruction:					
Other salaries for instruction	479,884	20,156	500,040	499,877	163
Other purchased services	39,800	1,715	41,515	23,087	18,428
General supplies	1,429,611	(51,009)	1,378,602	1,247,686	130,916
Textbooks	237,950	60,867	298,817	274,834	23,983
Other objects	77,652	71,342	148,994	118,233	30,761
Total instruction - regular programs	38,577,998	444,825	39,022,823	37,666,229	1,356,594
Special Education: Learning &/or Language Disabilities:					
Salaries of teachers	1,370,841	(119,005)	1,251,836	1,223,155	28,681
Other salaries for instruction	647,664	(78,441)	569,223	559,522	9,701
Purchased professional - educational services	1,000	1,925	2,925	2,925	
General supplies	42,725	26,498	69,223	69,223	
Other purchased services		2,574	2,574	2,574	
Total learning/language disabilities	2,062,230	(166,449)	1,895,781	1,857,399	38,382
Special Education Instruction - Auditory Impairments:					
Salaries of teachers	86,260	100	86,360	84,745	1,615
General supplies	3,500		3,500	3,500	
Total auditory impairments	89,760	100	89,860	84,745	5,115

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule

(Budgetary Basis)
Year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Special Education - Behavioral Disabilities:					
Salaries of teachers	\$ 152,260	\$ 5,522	\$ 157,782	\$ 154,932	\$ 2,850
Other salaries for instruction	27,918	11,167	39,085	39,085	
General supplies	1,030		1,030	662	368
Total behavioral disabilities	181,208	16,689	197,897	194,679	3,218
Special Education - Multiple Disabilities:					
Salaries of teachers	827,891	(82,233)	745,658	712,991	32,667
Other salaries for instruction	111,672	76,336	188,008	176,841	11,167
General supplies	7,265	218	7,483	5,811	1,672
Textbooks	2,400		2,400	1,169	1,231
Total multiple disabilities	949,228	(5,679)	943,549	896,812	46,737
Resource Room/Center:					
Salaries of teachers	4,775,736	190,786	4,966,522	4,877,831	88,691
General supplies	29,200		29,200	24,561	4,639
Total resource room/center	4,804,936	190,786	4,995,722	4,902,392	93,330
Special Education - Autism:					
Salaries of teachers	327,448	22,477	349,925	338,288	11,637
Other salaries for instruction	146,342	(18,950)	127,392	126,996	396
General supplies	3,575		3,575	3,294	281
Total preschool disabilities - part time	477,365	3,527	480,892	468,578	12,314
Special Education - Preschool Disabilities - Part Time:					
Salaries of teachers	61,819	66,729	128,548	126,951	1,597
Other salaries of instruction	267,455	13,375	280,830	248,061	32,769
General supplies	1,430	400	1,830	1,640	190
Total preschool disabilities - part time	330,704	80,504	411,208	376,652	34,556
Total Special Education - Instruction:					
	8,895,431	119,478	9,014,909	8,781,257	233,652
Basic Skills/Remedial Instruction:					
Salaries of teachers	2,052,293	139,290	2,191,583	2,052,070	139,513
General supplies	2,760		2,760	947	1,813
Total basic skills/remedial instruction	2,055,053	139,290	2,194,343	2,053,017	141,326
Bilingual Education - Instruction:					
Salaries of teachers	1,105,205	170,200	1,275,405	1,181,784	93,621
Other salaries for instruction	9,207		9,207	8,365	842
General supplies	2,412		2,412	1,291	1,121
Total bilingual education - instruction	1,116,824	170,200	1,287,024	1,191,440	95,584
Vocational Programs - Local - Instruction:					
Salaries of teachers	158,857	10,848	169,705	165,351	4,354
Other purchased services	11,750		11,750		11,750
General supplies	25,500	(200)	25,300	16,199	9,101
Other objects		200	200	100	100
Total vocational programs - local	196,107	10,848	206,955	181,650	25,305
School-Sponsored Cocurricular Activities:					
Salaries	401,073	(27,422)	373,651	347,694	25,957
Purchased services	10,250	2,611	12,861	8,695	4,166
Supplies and materials	27,331	(5,640)	21,691	13,566	8,125
Other objects	66,000	46,850	112,850	91,686	21,164
Total school-sponsored cocurricular activities	504,654	16,399	521,053	461,641	59,412

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
School-Sponsored Athletics - Instruction:					
Salaries	\$ 1,197,479	\$ (13,439)	\$ 1,184,040	\$ 1,122,865	\$ 61,175
Purchased services	122,700	3,250	125,950	81,781	44,169
Supplies and materials	283,000	(7,202)	275,798	249,747	26,051
Other objects	68,580	14,359	82,939	75,758	7,181
Transfers to cover deficit (Agency funds)	70,000	1,500	71,500	71,181	319
Total school-sponsored athletics - instruction	1,741,759	(1,532)	1,740,227	1,601,332	138,895
Total Instruction	53,087,826	899,508	53,987,334	51,936,566	2,050,768
Undistributed Instruction Expenditures:					
Tuition to other LEAs within the state-special	1,605,470	(564,150)	1,041,320	867,297	174,023
Tuition to county voc. school dist.-regular	1,475,397	(88,461)	1,386,936	1,331,368	55,568
Tuition to county voc. school dist.-special	35,394	9,732	45,126	42,473	2,653
Tuition to CSSD and regional day schools	578,560	1,920	580,480	568,436	12,044
Tuition to private school for the disabled - within state	4,501,769	33,900	4,535,669	4,289,128	246,541
Tuition - state facilities	116,866		116,866	116,866	
Tuition - other	115,000	(115,000)			
Total undistributed instruction	8,428,456	(722,059)	7,706,397	7,215,568	490,829
Health Services:					
Salaries	1,489,144	10,642	1,499,786	1,404,435	95,351
Purchased professional and technical services	6,000	6,283	12,283	10,331	1,952
Other purchased services	5,000		5,000	141	4,859
Supplies and materials	15,850	2,300	18,150	16,894	1,256
Other objects	5,500	2,600	8,100	7,344	756
Total health services	1,521,494	21,825	1,543,319	1,439,145	104,174
Other Support Services-Speech, OT, PT & Related Services:					
Salaries	783,044	27,339	810,383	687,169	123,214
Purchased professional - educational services	5,000		5,000	4,752	248
Supplies and materials	3,500	2,100	5,600	4,171	1,429
Total other support services-speech, OT, PT & related services	791,544	29,439	820,983	696,092	124,891

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed Expenditures (continued):					
Other support services - students - extra services:					
Salaries	\$ 2,829,034	\$ (71,229)	\$ 2,757,805	\$ 2,484,676	\$ 273,129
Purchased professional - educational services	1,155,000	540,301	1,695,301	1,482,335	212,966
Total other support services - students - extra services	3,984,034	469,072	4,453,106	3,967,011	486,095
Guidance:					
Salaries of other professional staff	2,825,701	(96,411)	2,729,290	2,642,082	87,208
Salaries of secretarial and clerical assistants	376,040	27,740	403,780	374,102	29,678
Other salaries		7,033	7,033	225	6,808
Purchased professional - educational services	7,500		7,500	7,500	
Supplies and materials	5,140	(350)	4,790	3,003	1,787
Other objects	800		800	325	475
Total guidance	3,215,181	(61,988)	3,153,193	3,027,237	125,956
Child Study Teams:					
Salaries of other professional staff	2,990,447	164,078	3,154,525	2,956,746	197,779
Other purchased prof. and tech. services	6,000		6,000	4,825	1,175
Miscellaneous purchased services	11,500	833	12,333	8,589	3,744
Supplies and materials	32,293	10,411	42,704	41,384	1,320
Total child study teams	3,040,240	175,322	3,215,562	3,011,544	204,018
Improvement of Instructional Services:					
Salaries of supervisor of instruction	784,349	(18,635)	765,714	727,205	38,509
Sal of secr & clerical assist.	235,543	60,188	295,731	290,768	4,963
Other salaries	4,680		4,680		4,680
Other purch services	20,300	424	20,724	2,783	17,941
Supplies & materials	6,000		6,000	4,273	1,727
Other objects	44,250	507	44,757	34,939	9,818
Total improvement of instructional services	1,095,122	42,484	1,137,606	1,059,968	77,638
Educational Media Services/School Library:					
Salaries	1,380,866	34,208	1,415,074	1,374,091	40,983
Purchased professional and technical services	53,859	1,976	55,835	55,335	500
Other purchased services	766,088	67,177	833,265	738,576	94,689
Supplies and materials	205,972	(6,778)	199,194	188,452	10,742
Other objects	24,000	1,325	25,325	23,960	1,365
Total educational media services/school library	2,430,785	97,908	2,528,693	2,380,414	148,279

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Instructional Staff Training Services:					
Salaries of supervisors of instruction	\$ 90,950	\$ 18,235	\$ 109,185	\$ 109,185	
Salaries of other professional staff	87,800	(8,080)	79,720	24,660	\$ 55,060
Salaries of secretarial and clerical assist.	26,171		26,171	26,171	
Other purchased services	3,000		3,000	1,737	1,263
Supplies and materials	5,500	2,546	8,046	6,401	1,645
Other objects	58,560	(2,126)	56,434	49,397	7,037
Total instructional staff training services	271,981	10,575	282,556	217,551	65,005
Support Services-General Administration:					
Salaries	288,208	8,359	296,567	295,928	639
Other purchased professional services	277,000	215,600	492,600	294,794	197,806
Communications / telephone	55,000	5,650	60,650	57,637	3,013
BOE other purchased services	17,300	500	17,800	6,998	10,802
Misc. purch serv	20,000	(20,000)			
General supplies	6,000	11,042	17,042	10,982	6,060
BOE in-house training/meeting supplies	11,316	(11,316)			
Judgements against the school district	265,114	(129,304)	135,810	131,264	4,546
Miscellaneous expenditures	47,341	(2,796)	44,545	35,667	8,878
Total support services-general administration	987,279	77,735	1,065,014	833,270	231,744
Support Services-School Administration:					
Salaries of principals/ assistant principals	2,823,206	(25,683)	2,797,523	2,797,523	
Salaries of other professional staff		124,236	124,236	113,883	10,353
Salaries of secretarial and clerical assistants	1,889,909	(3,180)	1,886,729	1,813,219	73,510
Other salaries	36,400		36,400	31,617	4,783
Other purchased services	69,750	549	70,299	31,474	38,825
Supplies and materials	40,839	2,425	43,264	28,812	14,452
Total support services-school administration	4,860,104	98,347	4,958,451	4,816,528	141,923
Support Services - Central Services:					
Salaries	1,326,093	(50,000)	1,276,093	1,207,371	68,722
Purchased professional services	73,500		73,500	54,384	19,116
Purchased technical services	65,000	(3,143)	61,857	20,336	41,521
Miscellaneous purchased services	52,800	2,591	55,391	30,800	24,591
Supplies and materials	45,000	(2,746)	42,254	22,543	19,711
Interest on lease purchase agreements	91,153		91,153	85,000	6,153
Miscellaneous expenditures	8,400	2,750	11,150	7,865	3,285
Total support services-central services	1,661,946	(50,548)	1,611,398	1,428,299	183,099
Support Services - Administration Information Technology:					
Salaries	413,788	13,538	427,326	388,630	38,696
Purchased technical services	10,600	2,971	13,571	7,351	6,220
Other purchased services	370,853	(1,787)	369,066	332,137	36,929
Supplies and materials	32,700	14,760	47,460	30,453	17,007
Other objects	12,780	3,000	15,780	14,984	796
Total support services-administration information technology	840,721	32,482	873,203	773,555	99,648
Required Maintenance for School Facilities:					
Salaries	1,358,306	(15,917)	1,342,389	1,296,400	45,989
Cleaning, repair and maintenance services	574,907	(65,183)	509,724	447,720	62,004
General supplies	321,864	6,098	327,962	299,932	28,030
Other objects	25,000	1,700	26,700	8,834	17,866
Total required maintenance for school facilities	2,280,077	(73,302)	2,206,775	2,052,886	153,889

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Custodial Services:					
Salaries	\$ 3,287,380	\$ 239,164	\$ 3,526,544	\$ 3,427,614	\$ 98,930
Purchased professional and technical services	3,000	80	3,080	3,055	25
Cleaning, repair and maintenance services	15,000		15,000	7,962	7,038
Insurance	434,559	48,689	483,248	478,483	4,765
Miscellaneous purchased services	260,000	90,000	350,000	229,215	120,785
General supplies	275,000		275,000	262,632	12,368
Energy (electricity, oil and gas)	2,918,000	(445,037)	2,472,963	2,074,241	398,722
Total custodial services	7,192,939	(67,104)	7,125,835	6,483,202	642,633
Security:					
Salaries	147,291	16,797	164,088	159,423	4,665
Total security	147,291	16,797	164,088	159,423	4,665
Total operation of plant	9,620,307	(123,609)	9,496,698	8,695,511	801,187
Total Undist. Expend	42,749,194	96,985	42,846,179	39,561,693	3,284,486
Student Transportation Services:					
Salaries of non-instructional aides	168,194		168,194	69,182	99,012
Salaries for pupil transportation:					
Between home and school - regular	103,827	6,879	110,706	109,635	1,071
Between home and school - special	700,078	257,380	957,458	875,674	81,784
Other purchased professional and technical services	59,900	10,568	70,468	57,457	13,011
Cleaning repair and maintenance services	190,000	152	190,152	171,675	18,477
Contr serv (bet. Home & Sch) - vendors	2,547,180	(50,100)	2,497,080	2,489,433	7,647
Contr serv oth than (bet. Home & Sch) - vendors	144,146	19,152	163,298	147,259	16,039
Contr serv (bet. Home & Sch) - joint agrmnts	232,798	74,775	307,573	294,663	12,910
Contract. Serv. (reg. students) - ESCs & CTSAAs	13,490	873	14,363	7,969	6,394
Contract. Serv. (spl. Ed. Students) - ECSs & CTSAAs	2,035,745	(161,161)	1,874,584	1,835,425	39,159
Contract. Serv. - aid in lieu pymts -non pub sch	310,142	34,635	344,777	344,071	706
Miscellaneous purchased services-transportation	34,174		34,174		34,174
General supplies	13,718	591	14,309	7,590	6,719
Other objects	8,900	(280)	8,620	7,530	1,090
Total student transportation services	6,562,292	193,464	6,755,756	6,417,563	338,193

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule

(Budgetary Basis)
Year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Unallocated Benefits - Employee Benefits:					
Social security contributions	\$ 1,499,784	\$ 77,154	\$ 1,576,938	\$ 1,576,938	
Other retirement contributions - PERS	1,702,911	(129)	1,702,782	1,521,257	\$ 181,525
Other retirement contributions - regular	12,100	8,582	20,682	20,553	129
Unemployment compensation	100,000		100,000		100,000
Workers' compensation	616,322	49,936	666,258	644,908	21,350
Health benefits	16,455,000	(748,417)	15,706,583	14,713,769	992,814
Tuition reimbursement	220,000	30,154	250,154	163,947	86,207
Other employee benefits	169,465	8,777	178,242	154,511	23,731
Total unallocated benefits	20,775,582	(573,943)	20,201,639	18,795,883	1,405,756
On-Behalf Contributions					
On-behalf TPAF Noncontributory Insurance (non-budgeted)				190,024	(190,024)
On-behalf TPAF Post Retirement Benefit Contributions (non-budgeted)				7,910,439	(7,910,439)
Reimbursed TPAF social security contributions (non-budgeted)				4,177,460	(4,177,460)
Total on-behalf contributions	-	-	-	12,277,923	(12,277,923)
Total Personal Services - Employee Benefits:	20,775,582	(573,943)	20,201,639	31,073,806	(10,872,167)
Capital Outlay:					
Interest Deposit to Capital Reserve	5,000	(5,000)			
Equipment:					
Learning and/or language disabilities	2,500		2,500		2,500
Undistributed expenditures - instruction	55,500	57,907	113,407	111,858	1,549
Undistributed expenditures - support services - students - regular	5,000		5,000		5,000
Undistributed expenditures - central services	120,000	(120,000)			
Required maintenance	50,000	(50,000)			
Operation and maintenance of plant serv		60,995	60,995	41,260	19,735
Undistributed expenditures - School buses - special	175,000	(134,753)	40,247		40,247
Undistributed expenditures - non-inst. serv	100,000	220,489	320,489	187,925	132,564
Total equipment	508,000	34,638	542,638	341,043	201,595
Facilities Acquisition and Construction Services:					
Architectural/engineering services	90,000	21,700	111,700	106,924	4,776
Construction services	1,298,024	594,500	1,892,524	1,032,724	859,800
Non-budgeted - capital leases				1,005,000	(1,005,000)
Lease purchase agreements - principal	1,007,539		1,007,539	1,007,538	1
Other objects - debt service assessment	46,633		46,633	46,633	
Total facilities and construction services	2,442,196	616,200	3,058,396	3,198,819	(140,423)
Total Expenditures - Capital Outlay	2,955,196	645,838	3,601,034	3,539,862	61,172

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Adult Education - Local - Instruction:					
Salaries of teachers	\$ 404,002	\$ (35,000)	\$ 369,002	\$ 368,311	\$ 691
Other salaries for instruction	575,188	99,591	674,779	661,779	13,000
Purchased professional & technical services	65,200	306	65,506	55,025	10,481
General supplies	235,822	(10,564)	225,258	222,227	3,031
Other objects	27,500		27,500	21,194	6,306
Total adult education -local-instruction	1,307,712	54,333	1,362,045	1,328,536	33,509
Adult Education - Local - Support Services:					
Salaries	258,324	(39,231)	219,093	207,403	11,690
Personal services - employee benefits	227,670	(1,160)	226,510	198,827	27,683
Purchased professional & technical services	5,000		5,000	4,415	585
Other purchased services	72,762	23,397	96,159	58,629	37,530
Supplies and materials	3,000	400	3,400	3,032	368
Total adult education-local-support serv.	566,756	(16,594)	550,162	472,306	77,856
Total Adult Education - Local	1,874,468	37,739	1,912,207	1,800,842	111,365
Transfer of funds to charter schools	236,972	124,550	361,522	359,963	1,559
Total Expenditures	128,241,530	1,424,141	129,665,671	134,690,295	(5,024,624)
(Deficiency) of revenues (under) expenditures	(3,218,137)	(1,423,515)	(4,641,652)	3,786,073	(8,427,725)
Other financing sources (uses):					
Assets acquired under capital lease (non-budgeted)				1,005,000	1,005,000
Insurance proceeds from Super Storm Sandy				430,889	430,889
Transfer to enterprise fund		(13,922)	(13,922)	(11,853)	2,069
Total other financing sources (uses)	-	(13,922)	(13,922)	1,424,036	1,437,958
(Deficiency) excess of revenues (under) over expenditures and other financing sources (uses)	(3,218,137)	(1,437,437)	(4,655,574)	5,210,109	9,865,683
Fund balances, July 1	10,527,728		10,527,728	10,527,728	
Fund balances, June 30	\$ 7,309,591	\$ (1,437,437)	\$ 5,872,154	\$ 15,737,837	\$ 9,865,683
Recapitulation of (deficiency) excess of revenues (under) over expenditures					
Budgeted fund balance	\$ (3,218,137)		\$ (3,218,137)	\$ 5,627,101	\$ 8,845,238
Net (decrease) increase in capital reserve		\$ (555,000)	(555,000)	465,033	1,020,033
Adjustment for prior year encumbrances		(882,437)	(882,437)	(882,437)	
Net increase in maintenance reserve				412	412
Total	\$ (3,218,137)	\$ (1,437,437)	\$ (4,655,574)	\$ 5,210,109	\$ 9,865,683
Recapitulation of fund balance:					
Capital reserve account - restricted				\$ 1,181,773	
Emergency reserve account - restricted				263,208	
Adult Education Program - restricted				1,040,647	
Excess surplus - current year - restricted				3,238,650	
Excess surplus designated for subsequent years - restricted				2,227,589	
Designated for subsequent year's expenditures - assigned				2,945,612	
Year end encumbrances - assigned				1,734,096	
Unassigned				3,106,262	
				<u>15,737,837</u>	
Reconciliation to Government Funds statements (GAAP):					
Last state aid payments not recognized on GAAP basis				(420,119)	
Fund balance per Governmental Funds (GAAP)				<u>\$ 15,317,718</u>	

Parsippany-Troy Hills School District
General Fund

Education Jobs Fund Program - Budget and Actual
(Budgetary Basis)

Year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Federal sources:					
Education jobs fund	\$ -	\$ 626	\$ 626	\$ 626	\$ -
Total revenues	-	626	626	626	-
Expenditures:					
Undistributed expenditures:					
Other support services - student extra services					
Salaries		626	626	626	-
Total other support services - student extra services	-	626	626	626	-
Total expenditures	-	626	626	626	-
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Parsippany-Troy Hills School District
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
State sources	\$ 132,258	\$ 66,383	\$ 198,641	\$ 136,651	\$ (61,990)
Federal sources	1,912,046	637,608	2,549,654	2,186,306	(363,348)
Local sources		41,340	41,340	29,746	(11,594)
Total revenues	2,044,304	745,331	2,789,635	2,352,703	(436,932)
Expenditures:					
Instruction:					
Salaries of teachers	362,622	(155,049)	207,573	161,129	46,444
Other Salaries for Instruction		312,783	312,783	189,323	123,460
Purchased Professional & Technical Services	73,377	53,551	126,928	79,567	47,361
Tuition	1,513,889	87,348	1,601,237	1,588,791	12,446
General supplies		84,984	84,984	50,456	34,528
Textbooks	16,815	12,142	28,957	28,587	370
Other Objects		1,500	1,500	500	1,000
Total instruction	1,966,703	397,259	2,363,962	2,098,353	265,609
Undistributed:					
Support services:					
Salaries of other professional staff		56,035	56,035	29,889	26,146
Personal services—employee benefits	53,583	(12,060)	41,523	35,215	6,308
Purchased professional educational services		175,203	175,203	67,427	107,776
Other purchased professional services	24,018	16,172	40,190	26,696	13,494
Other purchased services		109,389	109,389	94,623	14,766
Supplies and materials		3,333	3,333	500	2,833
Total support services	77,601	348,072	425,673	254,350	171,323
Total expenditures	2,044,304	745,331	2,789,635	2,352,703	436,932
Excess of revenues over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Parsippany-Troy Hills School District
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2013

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 138,476,368	\$ 2,352,703
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior year		85,127
Current year		(36,236)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	323,588	
Current year	(420,119)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	\$ 138,379,837	\$ 2,401,594
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 134,690,295	\$ 2,352,703
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.		
Prior year		85,127
Current year		(36,236)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	\$ 134,690,295	\$ 2,401,594

Supplementary Information

Special Revenue Fund

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2013

	Nonpublic Aid				
	Local Grants	Corrective Speech	Examination & Classification	Supplementary Instruction	Auxiliary Services Compensatory Education
Revenues:					
State sources		\$ 19,296	\$ 19,564	\$ 12,142	\$ 19,815
Federal sources					
Local sources	\$ 29,746				
Total revenues	\$ 29,746	\$ 19,296	\$ 19,564	\$ 12,142	\$ 19,815
Expenditures:					
Instruction:					
Salaries of teachers	\$ 2,000				
Other Salaries for Instruction					
Purchased professional & technical services	8,750	\$ 19,296	\$ 19,564	\$ 12,142	\$ 19,815
Tuition					
General supplies	16,996				
Textbooks					
Other objects	500				
Total instruction	28,246	19,296	19,564	12,142	19,815
Undistributed:					
Support services:					
Salaries of other professional staff					
Personal services—employee benefits					
Purchased professional educational services					
Other purchased professional services					
Other purchased services	1,000				
Supplies and materials	500				
Total support services	1,500				
Total expenditures	\$ 29,746	\$ 19,296	\$ 19,564	\$ 12,142	\$ 19,815

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2013

	Nonpublic Aid			Title I, Part A	
	Nursing Aid	Technology Aid	Textbook Aid	Current	Carryover
Revenues:					
State sources	\$ 26,696	\$ 10,551	\$ 28,587		
Federal sources				\$ 337,392	\$ 24,375
Local sources					
Total revenues	\$ 26,696	\$ 10,551	\$ 28,587	\$ 337,392	\$ 24,375
Expenditures:					
Instruction:					
Salaries of teachers				\$ 116,780	\$ 24,375
Other Salaries for Instruction				189,323	
Purchased professional & technical services					
Tuition					
General supplies				241	
Textbooks			\$ 28,587		
Other objects					
Total instruction			28,587	306,344	24,375
Undistributed:					
Support services:					
Salaries of other professional staff					
Personal services—employee benefits				31,048	
Purchased professional educational services		\$ 10,551			
Other purchased professional services	\$ 26,696				
Other purchased services					
Supplies and materials					
Total support services	26,696	10,551		31,048	
Total expenditures	\$ 26,696	\$ 10,551	\$ 28,587	\$ 337,392	\$ 24,375

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2013

	Title II, Part A		Title III		I.D.E.A.
	Current	Carryover	Current	Carryover	Part B Basic
Revenues:					
State sources					
Federal sources	\$ 87,136	\$ 22,251	\$ 37,932	\$ 7,155	\$ 1,527,285
Local sources					
Total revenues	\$ 87,136	\$ 22,251	\$ 37,932	\$ 7,155	\$ 1,527,285
Expenditures:					
Instruction:					
Salaries of teachers	\$ 17,974				
Other Salaries for Instruction					
Purchased professional & technical services					
Tuition					\$ 1,520,303
General supplies			\$ 26,064	\$ 7,155	
Textbooks					
Other objects					
Total instruction	17,974		26,064	7,155	1,520,303
Undistributed:					
Support services:					
Salaries of other professional staff		\$ 19,952	9,937		
Personal services—employee benefits	1,881	1,526	760		
Purchased professional educational services	39,041	773	1,171		6,982
Other purchased professional services					
Other purchased services	28,240				
Supplies and materials					
Total support services	69,162	22,251	11,868		6,982
Total expenditures	\$ 87,136	\$ 22,251	\$ 37,932	\$ 7,155	\$ 1,527,285

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2013

	I.D.E.A.			Total
	Part B Basic	Preschool	FEMA	
Revenues:				
State sources				\$ 136,651
Federal sources	\$ 24,016	\$ 53,381	\$ 65,383	2,186,306
Local sources				29,746
Total revenues	\$ 24,016	\$ 53,381	\$ 65,383	\$ 2,352,703
Expenditures:				
Instruction:				
Salaries of teachers				\$ 161,129
Other Salaries for Instruction				189,323
Purchased professional & technical services				79,567
Tuition	\$ 15,107	\$ 53,381		1,588,791
General supplies				50,456
Textbooks				28,587
Other objects				500
Total instruction	15,107	53,381		2,098,353
Undistributed:				
Support services:				
Salaries of other professional staff				29,889
Personal services—employee benefits				35,215
Purchased professional educational services	8,909			67,427
Other purchased professional services				26,696
Other purchased services			\$ 65,383	94,623
Supplies and materials				500
Total support services	8,909		65,383	254,350
Total expenditures	\$ 24,016	\$ 53,381	\$ 65,383	\$ 2,352,703

Capital Projects Fund

Parsippany-Troy Hills School District
Capital Projects Fund

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

(Budgetary Basis)

Year ended June 30, 2013

	Current Year
Revenues and other financing sources	
Bond proceeds	
State sources - SDA	
Contribution from private sources	
Transfer from capital reserve	
Transfer from capital outlay	
Interest Earned	\$ 895
Total revenues and other financing sources	895
Expenditures and other financing uses	
Purchased professional and technical services	
Construction services	
Contingency	
Other Objects	
Transfer to Debt Service Fund	350,895
Transfer to Capital Reserve	
Total expenditures and other financing uses	350,895
Deficiency of revenues under expenditures	(350,000)
Fund Balance, July 1	857,142
Fund Balance, June 30	\$ 507,142

Parsippany-Troy Hills School District
Capital Projects Fund

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

Bond Referendum - Various School Renovations

From Inception and for the year ended June 30, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds	\$ 47,633,000		\$ 47,633,000	\$ 47,633,000
State sources - SDA				
Contribution from private sources				
Transfer from capital reserve				
Transfer from capital outlay				
Total revenues and other financing sources	<u>47,633,000</u>		<u>47,633,000</u>	<u>47,633,000</u>
Expenditures and other financing uses				
Purchased professional and technical services	4,388,811		4,388,811	4,424,765
Construction services	38,550,664		38,550,664	39,385,398
Contingency	899,952		899,952	932,210
Other Objects	1,914,907		1,914,907	2,065,627
Transfer to Debt Service Fund	1,175,000	\$ 350,000	1,525,000	825,000
Total expenditures and other financing uses	<u>46,929,334</u>	<u>350,000</u>	<u>47,279,334</u>	<u>47,633,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 703,666</u>	<u>\$ (350,000)</u>	<u>\$ 353,666</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	9/2005			
Bond Authorized	\$ 47,633,000			
Bonds Issued	47,633,000			
Original Authorized Cost	<u>47,633,000</u>			
Revised Authorized Cost	<u>\$ 47,633,000</u>			
Percentage increase over Original Authorized Cost	0%			
Percentage Completion	100%			
Original Target Completion Date	9/2007			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

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

Central Middle School Fire Doors

From Inception and for the year ended June 30, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 46,400		\$ 46,400	\$ 46,400
Contribution from private sources				
Transfer from capital reserve	71,205		71,205	71,205
Transfer from capital outlay				
Total revenues and other financing sources	<u>117,605</u>		<u>117,605</u>	<u>117,605</u>
Expenditures and other financing uses				
Purchased professional and technical services	10,455		10,455	10,455
Construction services	107,150		107,150	107,150
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>117,605</u>		<u>117,605</u>	<u>117,605</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-060-09-1004			
Grant Date	1/15/2009			
Bond Authorization	N/A			
Original Authorized Cost	\$ 130,400			
Reduced Authorization - SDA Grant	(5,760)			
Reduced Authorization - Capital Reserve	(7,035)			
Revised Authorized Cost	<u>\$ 117,605</u>			
Percentage increase over Original Authorized Cost	0%			
Percentage Completion	100%			
Original Target Completion Date	12/2009			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

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

Brooklawn Middle School Boiler Replacement

From Inception and for the year ended June 30, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 242,757		\$ 242,757	\$ 242,757
Contribution from private sources				
Transfer from capital reserve	318,924		318,924	318,924
Transfer from capital outlay				
Total revenues and other financing sources	<u>561,681</u>		<u>561,681</u>	<u>561,681</u>
Expenditures and other financing uses				
Purchased professional and technical services	72,305		72,305	72,305
Construction services	489,376		489,376	489,376
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>561,681</u>		<u>561,681</u>	<u>561,681</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-055-09-1003			
Grant Date	1/15/2009			
Bond Authorization	N/A			
Original Authorized Cost	\$ 629,600			
Reduced Authorization - SDA Grant	(9,083)			
Reduced Authorization - Capital Reserve	(58,836)			
Revised Authorized Cost	<u>\$ 561,681</u>			
Percentage increase over Original Authorized Cost	0%			
Percentage Completion	100%			
Original Target Completion Date	12/2009			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

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

Rockaway Meadow Elementary School Window and Door Replacement

From Inception and for the year ended June 30, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 158,335		\$ 158,335	\$ 158,335
Contribution from private sources				
Transfer from capital reserve	230,319		230,319	230,319
Transfer from capital outlay				
Total revenues and other financing sources	<u>388,654</u>		<u>388,654</u>	<u>388,654</u>
Expenditures and other financing uses				
Purchased professional and technical services	59,654		59,654	59,654
Construction services	329,000		329,000	329,000
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>388,654</u>		<u>388,654</u>	<u>388,654</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-107-09-1001			
Grant Date	1/15/2009			
Bond Authorization	N/A			
Original Authorized Cost	\$ 464,600			
Reduced Authorization - SDA Grant	(27,505)			
Reduced Authorization - Capital Reserve	(48,441)			
Revised Authorized Cost	<u>\$ 388,654</u>			
Percentage increase over Original Authorized Cost	0%			
Percentage Completion	100%			
Original Target Completion Date	12/2009			
Revised Target Completion Date	Completed			

**Parsippany-Troy Hills School District
Capital Projects Fund**

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

Parsippany Hills High School Boiler Replacement

From Inception and for the year ended June 30, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 395,051		\$ 395,051	\$ 395,051
Contribution from private sources				
Transfer from capital reserve	467,867		467,867	467,867
Transfer from capital outlay				
Total revenues and other financing sources	<u>862,918</u>		<u>862,918</u>	<u>862,918</u>
Expenditures and other financing uses				
Purchased professional and technical services	101,915		101,915	101,915
Construction services	761,003		761,003	761,003
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>862,918</u>		<u>862,918</u>	<u>862,918</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-053-09-1002			
Grant Date	1/15/2009			
Bond Authorization	N/A			
Original Authorized Cost	\$ 971,400			
Reduced Authorization - SDA Grant	6,491			
Reduced Authorization - Capital Reserve	(114,973)			
Revised Authorized Cost	<u>\$ 862,918</u>			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completion	100%			
Original Target Completion Date	12/2009			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

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

Parsippany Hills High School ADA Ramp

From Inception and for the year ended June 30, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 28,987		\$ 28,987	\$ 28,987
Contribution from private sources				
Transfer from capital reserve	42,411		42,411	42,411
Transfer from capital outlay				
Total revenues and other financing sources	<u>71,398</u>		<u>71,398</u>	<u>71,398</u>
Expenditures and other financing uses				
Purchased professional and technical services	8,238		8,238	8,238
Construction services	63,160		63,160	63,160
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>71,398</u>		<u>71,398</u>	<u>71,398</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-053-09-1005			
Grant Date	1/15/2009			
Bond Authorization	N/A			
Original Authorized Cost	\$ 73,750			
Reduced Authorization - SDA Grant	(513)			
Reduced Authorization - Capital Reserve	(1,839)			
Revised Authorized Cost	<u>\$ 71,398</u>			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completion	100%			
Original Target Completion Date	12/2009			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

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

Knollwood Elementary School Emergency Generators

From Inception and for the year ended June 30, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 70,304		\$ 70,304	\$ 70,304
Contribution from private sources				
Transfer from capital reserve	108,084		108,084	108,084
Transfer from capital outlay				
Total revenues and other financing sources	<u>178,388</u>		<u>178,388</u>	<u>178,388</u>
Expenditures and other financing uses				
Purchased professional and technical services				
Construction services	178,388		178,388	178,388
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>178,388</u>		<u>178,388</u>	<u>178,388</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-065-09-1006			
Grant Date	5/20/2009			
Bond Authorization	N/A			
Original Authorized Cost	\$ 159,450			
Reduced Authorization - SDA Grant	6,524			
Reduced Authorization - Capital Reserve	12,414			
Revised Authorized Cost	<u>\$ 178,388</u>			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completion	100%			
Original Target Completion Date	12/2009			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

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

Lake Hiawatha Elementary School Emergency Generators

From Inception and for the year ended June 30, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 66,448		\$ 66,448	\$ 66,448
Contribution from private sources				
Transfer from capital reserve	99,671		99,671	99,671
Transfer from capital outlay				
Total revenues and other financing sources	<u>166,119</u>		<u>166,119</u>	<u>166,119</u>
Transfer from capital reserve				
Purchased professional and technical services				
Construction services	166,119		166,119	166,119
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>166,119</u>		<u>166,119</u>	<u>166,119</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-070-09-1007			
Grant Date	5/20/2009			
Bond Authorization	N/A			
Original Authorized Cost	\$ 145,250			
Reduced Authorization - SDA Grant	11,729			
Reduced Authorization - Capital Reserve	9,140			
Revised Authorized Cost	<u>\$ 166,119</u>			
Percentage increase over Original Authorized Cost	0%			
Percentage Completion	100%			
Original Target Completion Date	12/2009			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

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

Littleton Elementary School Emergency Generators

From Inception and for the year ended June 30, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 76,152		\$ 76,152	\$ 76,152
Contribution from private sources				
Transfer from capital reserve	112,121		112,121	112,121
Transfer from fund balance				
Total revenues and other financing sources	<u>188,273</u>		<u>188,273</u>	<u>188,273</u>
Transfer from capital reserve				
Purchased professional and technical services				
Construction services	188,273		188,273	188,273
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>188,273</u>		<u>188,273</u>	<u>188,273</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-100-09-1008			
Grant Date	5/20/2009			
Bond Authorization	N/A			
Original Authorized Cost	\$ 163,600			
Reduced Authorization - SDA Grant	10,712			
Reduced Authorization - Capital Reserve	13,961			
Revised Authorized Cost	<u>\$ 188,273</u>			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completion	100%			
Original Target Completion Date	12/2009			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

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

Mount Tabor Elementary School Emergency Generators

From Inception and for the year ended June 30, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA	\$ 56,642		\$ 56,642	\$ 56,642
Contribution from private sources				
Transfer from capital reserve	69,058		69,058	69,058
Transfer from capital outlay				
Total revenues and other financing sources	<u>125,700</u>		<u>125,700</u>	<u>125,700</u>
Transfer from capital reserve				
Purchased professional and technical services				
Construction services	125,700		125,700	125,700
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>125,700</u>		<u>125,700</u>	<u>125,700</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3950-100-09-1009			
Grant Date	5/20/2009			
Bond Authorization	N/A			
Original Authorized Cost	\$ 125,700			
Reduced Authorization - SDA Grant	6,362			
Reduced Authorization - Capital Reserve	(6,362)			
Revised Authorized Cost	<u>\$ 125,700</u>			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completion	100%			
Original Target Completion Date	12/2009			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District
Capital Projects Fund

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

Knollwood Elementary School Boiler Replacement

From Inception and for the year ended June 30, 2013

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

Parsippany-Troy Hills School District
Capital Projects Fund

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

Lake Hiawatha Elementary School Heat Exchanger

From Inception and for the year ended June 30, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA				
Contribution from private sources				
Transfer from capital reserve	\$ 106,802		\$ 106,802	\$ 106,802
Transfer from capital outlay				
Total revenues and other financing sources	<u>106,802</u>		<u>106,802</u>	<u>106,802</u>
Transfer from capital reserve				
Purchased professional and technical services	11,902		11,902	11,902
Construction services	94,900		94,900	94,900
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>106,802</u>		<u>106,802</u>	<u>106,802</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number		N/A		
Grant Date		N/A		
Bond Authorization		N/A		
Original Authorized Cost	\$ 106,802			
Reduced Authorization - SDA Grant		-		
Reduced Authorization - Capital Reserve		-		
Revised Authorized Cost	<u>\$ 106,802</u>			
Percentage Increase over Original Authorized Cost		0%		
Percentage Completion		100%		
Original Target Completion Date		12/2010		
Revised Target Completion Date		Completed		

Parsippany-Troy Hills School District
Capital Projects Fund

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

Mt. Tabor Elementary School Window and Door Replacement

From Inception and for the year ended June 30, 2013

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

Parsippany-Troy Hills School District
Capital Projects Fund

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

Troy Hills Elementary School Boiler Replacement

From Inception and for the year ended June 30, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA				
Contribution from private sources				
Transfer from capital reserve	\$ 44,055		\$ 44,055	\$ 44,055
Transfer from capital outlay				
Total revenues and other financing sources	<u>44,055</u>		<u>44,055</u>	<u>44,055</u>
Transfer from capital reserve				
Purchased professional and technical services				
Construction services	44,055		44,055	44,055
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>44,055</u>		<u>44,055</u>	<u>44,055</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number		N/A		
Grant Date		N/A		
Bond Authorization		N/A		
Original Authorized Cost	\$ 44,055			
Reduced Authorization - SDA Grant		-		
Reduced Authorization - Capital Reserve		-		
Revised Authorized Cost	<u>\$ 44,055</u>			
Percentage increase over Original Authorized Cost		0%		
Percentage Completion		100%		
Original Target Completion Date		12/2010		
Revised Target Completion Date		Completed		

Parsippany-Troy Hills School District
Capital Projects Fund

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

Parsippany High School Partial Roof Replacement

From Inception and for the year ended June 30, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds				
State sources - SDA				
Contribution from private sources				
Transfer from capital reserve	\$ 108,300		\$ 108,300	\$ 108,300
Transfer from capital outlay				
Total revenues and other financing sources			108,300	108,300
Transfer from capital reserve				
Purchased professional and technical services				
Construction services	\$ 78,332		78,332	108,300
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses			78,332	108,300
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 29,968	\$ -
Additional Project Information:				
Project Number		N/A		
Grant Date		N/A		
Bond Authorization		N/A		
Original Authorized Cost	\$ 108,300			
Reduced Authorization - SDA Grant		-		
Reduced Authorization - Capital Reserve		-		
Revised Authorized Cost	\$ 108,300			
Percentage Increase over Original Authorized Cost		0%		
Percentage Completion		72%		
Original Target Completion Date		12/2011		
Revised Target Completion Date		Completed		

Fiduciary Funds

Parsippany-Troy Hills School District
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

June 30, 2013

	Agency			Trust		
	Student Activity	Payroll	Total Agency	Unemployment Compensation	Private Purpose Scholarship	Total Trust
Assets						
Cash and cash equivalents	\$ 513,093	\$ 2,587,551	\$ 3,100,644	\$ 1,670,219	\$ 52,569	\$ 1,722,788
Interfund receivable				11,072		11,072
Total assets	<u>\$ 513,093</u>	<u>\$ 2,587,551</u>	<u>\$ 3,100,644</u>	1,681,291	52,569	1,733,860
Liabilities						
Interfund payable	\$ 18,597		\$ 18,597			
Accounts payable				10,217		10,217
Due to student groups	494,496		494,496			
Payroll deductions and withholdings payable		\$ 645,183	645,183			
Summer escrow payable		1,942,368	1,942,368			
Total liabilities	<u>\$ 513,093</u>	<u>\$ 2,587,551</u>	<u>\$ 3,100,644</u>	10,217		10,217
Net position						
Held in trust for:						
Unemployment compensation claims				1,671,074		1,671,074
Scholarships					52,569	52,569
Total net position				<u>\$ 1,671,074</u>	<u>\$ 52,569</u>	<u>\$ 1,723,643</u>

Parsippany-Troy Hills School District
Trust Funds

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2013

	Unemployment Compensation Trust Fund	Private Purpose Scholarship Trust Fund	Total Trust Funds
Additions:			
Contributions:			
Employee contributions	\$ 371,381		\$ 371,381
Donations		\$ 48,023	48,023
Total contributions	<u>371,381</u>	<u>48,023</u>	<u>419,404</u>
Interest	<u>2,588</u>	<u>61</u>	<u>2,649</u>
Total additions	<u>373,969</u>	<u>48,084</u>	<u>422,053</u>
Deductions:			
Unemployment compensation claims	471,504		471,504
Scholarships awarded		33,376	33,376
Total deductions	<u>471,504</u>	<u>33,376</u>	<u>504,880</u>
Change in net position	(97,535)	14,708	(82,827)
Net position, beginning	<u>1,768,609</u>	<u>37,861</u>	<u>1,806,470</u>
Net position, ending	<u>\$ 1,671,074</u>	<u>\$ 52,569</u>	<u>\$ 1,723,643</u>

Parsippany-Troy Hills School District
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2013

	Balance July 1, 2012	Cash Receipts	Cash Disbursements	Balance June 30, 2013
Assets				
Cash and equivalents	\$ 507,036	\$ 813,351	\$ 807,294	\$ 513,093
Total assets	<u>\$ 507,036</u>	<u>\$ 813,351</u>	<u>\$ 807,294</u>	<u>\$ 513,093</u>
Liabilities				
Interfund payable	\$ 22,989	\$ 18,597	\$ 22,989	\$ 18,597
Due to student groups	484,047	794,754	784,305	494,496
Total liabilities	<u>\$ 507,036</u>	<u>\$ 813,351</u>	<u>\$ 807,294</u>	<u>\$ 513,093</u>

Parsippany-Troy Hills School District
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2013</u>
Elementary Schools:				
Eastlake	\$ 4,593	\$ 5,072	\$ 4,349	\$ 5,316
Intervale	4,584	1,860	2,724	3,721
Knollwood	5,687	5,812	5,856	5,643
Lake Hiawatha	5,148	1,036	353	5,831
Lake Parsippany	5,216	6,941	7,298	4,859
Littleton	1,299	5,633	4,669	2,263
Mt. Tabor	3,449	3,887	3,586	3,751
Northvail	4,627	253	679	4,201
Rockaway Meadow	7,346	2,210	3,317	6,239
Troy Hills	11,470	2,876	2,497	11,849
Total Elementary Schools	<u>53,419</u>	<u>35,582</u>	<u>35,328</u>	<u>53,673</u>
Middle Schools:				
Brooklawn	77,986	147,733	158,571	67,148
Central	42,252	117,245	107,881	51,616
Total Middle Schools	<u>120,238</u>	<u>264,978</u>	<u>266,452</u>	<u>118,764</u>
High Schools:				
Parsippany High	88,828	170,566	175,943	83,451
Parsippany Hills High	144,760	226,638	208,330	163,068
Total High Schools	<u>233,588</u>	<u>397,204</u>	<u>384,273</u>	<u>246,519</u>
Athletic Accounts:				
Parsippany High	3,182	42,200	40,004	5,378
Parsippany Hills High	6,729	52,694	56,560	2,863
Total Athletic Accounts	<u>9,911</u>	<u>94,894</u>	<u>96,564</u>	<u>8,241</u>
Total Other Accounts	<u>66,891</u>	<u>2,096</u>	<u>1,688</u>	<u>67,299</u>
Total All Schools	<u>\$ 484,047</u>	<u>\$ 794,754</u>	<u>\$ 784,305</u>	<u>\$ 494,496</u>

Parsippany-Troy Hills School District
Payroll Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2013

	Balance July 1, 2012	Cash Receipts	Cash Disbursements	Balance June 30, 2013
Assets				
Cash and equivalents	\$ 1,487,351	\$ 88,928,378	\$ 87,828,178	\$ 2,587,551
Total assets	<u>\$ 1,487,351</u>	<u>\$ 88,928,378</u>	<u>\$ 87,828,178</u>	<u>\$ 2,587,551</u>
Liabilities				
Payroll deductions and withholdings	\$ 606,342	\$ 86,939,937	\$ 86,901,096	\$ 645,183
Summer savings payable	<u>881,009</u>	<u>1,988,441</u>	<u>927,082</u>	<u>1,942,368</u>
Total liabilities	<u>\$ 1,487,351</u>	<u>\$ 88,928,378</u>	<u>\$ 87,828,178</u>	<u>\$ 2,587,551</u>

Long-Term Debt

Parsippany-Troy Hills School District
Long-Term Debt

Schedule of Serial Bonds Payable

Year Ended June 30, 2013

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2012	Retired	Balance June 30, 2013
			Date	Amount				
School Improvements	8/15/06	\$47,633,000	8/15/13	\$ 1,600,000	4.375%			
			8/15/14	1,700,000	4.375%			
			8/15/15	1,800,000	4.375%			
			8/15/16	1,900,000	4.375%			
			8/15/17	2,000,000	4.375%			
			8/15/18	2,100,000	4.375%			
			8/15/19	2,200,000	4.375%			
			8/15/20	2,300,000	4.375%			
			8/15/21	2,350,000	4.375%			
			8/15/22	2,350,000	4.375%			
			8/15/23	2,350,000	4.400%			
			8/15/24	2,350,000	4.500%			
			8/15/25	2,350,000	4.500%			
			8/15/26	2,350,000	4.500%			
			8/15/27	2,350,000	4.500%			
			8/15/28	2,350,000	4.500%			
			8/15/29	2,350,000	4.500%			
			8/15/30	2,350,000	4.500%			
			8/15/31	1,983,000	4.500%			
						<u>\$ 42,583,000</u>	<u>\$ 1,500,000</u>	<u>\$ 41,083,000</u>

Parsippany-Troy Hills School District
Long-Term Debt

Schedule of Obligations Under Capital Leases

Year ended June 30, 2013

Purpose	Interest Rate	Amount of Original Issue	Balance July 1, 2012	Issued	Matured	Balance June 30, 2013
Equipment	3.970%	\$ 1,005,000	\$ 208,978		\$ 208,978	
Equipment	2.770%	1,005,000	410,312		203,745	\$ 206,567
Equipment	2.750%	1,005,000	611,238		200,975	410,263
Equipment	2.750%	1,005,000	809,597		198,261	611,336
Equipment	2.750%	1,005,000	1,005,000		195,579	809,421
Equipment	2.750%	1,005,000		\$ 1,005,000		1,005,000
			<u>\$ 3,045,125</u>	<u>\$ 1,005,000</u>	<u>\$ 1,007,538</u>	<u>\$ 3,042,587</u>

Parsippany-Troy Hills School District
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2013

	<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	\$ 2,432,893		\$ 2,432,893	\$ 2,432,893	
State sources:					
Debt service aid type II	<u>568,228</u>		<u>568,228</u>	<u>568,228</u>	
Total revenues	<u>3,001,121</u>		<u>3,001,121</u>	<u>3,001,121</u>	
Expenditures:					
Principal on bonds	1,500,000		1,500,000	1,500,000	
Interest on bonds	<u>1,853,823</u>		<u>1,853,823</u>	<u>1,853,823</u>	
Total expenditures	<u>3,353,823</u>		<u>3,353,823</u>	<u>3,353,823</u>	
Deficiency of revenues under expenditures	(352,702)		(352,702)	(352,702)	
Other financing sources:					
Transfers In:					
Transfers from capital projects fund	350,000		350,000	350,000	
Interest earned in capital projects fund				895	\$ 895
Total other financing sources	<u>350,000</u>		<u>350,000</u>	<u>350,895</u>	<u>895</u>
(Deficiency) excess of revenues (under) over expenditures and other financing sources	(2,702)		(2,702)	(1,807)	895
Fund balance, July 1	4,003		4,003	4,003	
Fund balance, June 30	<u>\$ 1,301</u>	<u>\$ -</u>	<u>\$ 1,301</u>	<u>\$ 2,196</u>	<u>\$ 895</u>

Statistical Section

(Unaudited)

Statistical Section
Unaudited

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ended June 30, 2003; schedules presenting district-wide information include information beginning in that year. Ten years of information has been provided where available.*

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

	2005	2006	2007	2008	2009	2010	2011 (as restated)	2012 (as restated)	2013
Governmental activities									
Net investment in capital assets	\$ 14,834,765	\$ 20,348,446	\$ 20,252,572	\$ 14,924,006	\$ 20,322,542	\$ 22,926,163	\$26,048,380	\$ 27,005,258	\$ 26,440,800
Restricted	8,641,800	4,175,233	9,308,158	18,769,182	12,588,400	9,295,591	8,939,059	6,719,424	8,459,009
Unrestricted (deficit)	(4,177,907)	(3,485,633)	(2,854,006)	(2,128,203)	(2,134,030)	(1,967,791)	(2,081,659)	989,401	4,839,908
Total governmental activities net position	<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>	<u>\$32,905,780</u>	<u>\$ 34,714,083</u>	<u>\$ 39,739,717</u>
Business-type activities									
Net investment in capital assets	\$ 142,798	\$ 143,144	\$ 116,893	\$ 143,614	\$ 175,722	\$ 182,101	\$ 179,208	\$ 244,661	\$ 322,111
Unrestricted	78,313	72,463	86,101	74,254	116,446	201,553	246,165	235,887	259,755
Total business-type activities net position	<u>\$ 221,111</u>	<u>\$ 215,607</u>	<u>\$ 202,994</u>	<u>\$ 217,868</u>	<u>\$ 292,168</u>	<u>\$ 383,654</u>	<u>\$ 425,373</u>	<u>\$ 480,548</u>	<u>\$ 581,866</u>
Government-wide									
Net investment in capital assets	\$ 14,977,563	\$ 20,491,590	\$ 20,369,465	\$ 15,067,620	\$ 20,498,264	\$ 23,108,264	\$26,227,588	\$ 27,249,919	\$ 26,762,911
Restricted	8,641,800	4,175,233	9,308,158	18,769,182	12,588,400	9,295,591	8,939,059	6,719,424	8,459,009
Unrestricted (deficit)	(4,099,594)	(3,413,170)	(2,767,905)	(2,053,949)	(2,017,584)	(1,766,238)	(1,835,494)	1,225,288	5,099,663
Total district net position	<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>	<u>\$33,331,153</u>	<u>\$ 35,194,631</u>	<u>\$ 40,321,583</u>

Source: CAFR Schedule A-1 and District records.

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

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

Panippany-Troy Hills School District
Changes in Net Position, Last Nine Fiscal Years
(essential parts of accounting)

Unaffiliated

	2005	2006	2007	2008	2009	2010	2011	2012	2013
							(as restated)	(as restated)	
Expenses									
Governmental activities									
Instruction	\$ 43,464,369	\$ 45,675,451	\$ 48,167,024	\$ 49,679,045	\$ 50,879,509	\$ 51,971,182	\$ 52,549,534	\$ 53,320,040	\$ 54,137,270
Regents	1,022,321	8,759,067	10,038,034	11,071,579	10,770,018	11,334,873	12,634,225	12,830,372	13,387,574
Special Education	1,305,173	3,941,728	4,001,696	4,117,984	4,142,992	4,468,444	4,490,729	4,339,837	4,281,003
Other Instruction	2,213,491	2,376,918	2,379,392	2,410,266	2,460,694	2,469,579	2,474,055	2,477,716	2,539,046
Support Personnel	7,208,754	7,440,920	7,838,140	8,088,332	8,219,763	8,619,040	8,761,180	9,157,285	8,690,319
Student & Instruction Related Services	14,105,240	16,249,564	16,569,596	17,994,928	18,592,041	19,619,802	19,586,193	21,527,642	21,889,834
General Administration Services	1,183,138	1,186,467	1,535,373	1,019,012	1,346,484	1,164,924	903,155	1,207,241	955,550
School Administrative Services	5,781,995	6,086,536	5,511,933	5,179,009	6,177,907	6,091,861	6,255,485	6,086,651	6,381,852
Central Services	212,096	1,815,106	1,992,289	2,003,582	2,281,598	2,435,522	2,272,678	2,107,571	1,988,419
Administrative Information Technology	24,304	868,696	975,446	1,729,563	1,010,105	964,932	893,122	797,503	934,141
Plant Operations & Maintenance	9,586,088	10,395,728	10,767,928	11,903,542	11,666,344	11,718,139	10,517,142	10,221,748	11,314,513
Pupil Transportation	5,426,576	6,162,490	6,578,651	6,616,979	6,660,792	7,170,884	6,140,864	7,183,376	7,128,369
Business & Other Support Services	2,339,033	92,139	872,128	991,992	1,031,266	905,430	442,538	1,805,198	1,800,842
Capital Outlay:	748,804	810,238	1,811,220	1,795,874	1,475,094	1,581,611	1,673,357	2,885,780	359,863
Special Schools	69,210	54,720	1,120,280	101,737	89,288	133,619	160,727	1,750,922	1,828,112
Charter Schools	749,126	1,086,707	746,927	1,027,319	2,076,653	2,026,635	2,974,627	1,750,922	1,828,112
Interest on long-term debt	106,694,824	114,385,074	120,897,057	127,831,414	130,136,137	134,009,753	133,939,426	136,378,852	139,176,849
Unallocated depreciation	2,090,486	2,170,324	2,223,583	2,238,225	2,194,422	2,279,417	2,211,868	2,236,674	2,152,061
Total governmental activities expenses	\$ 106,785,319	\$ 116,555,398	\$ 123,120,640	\$ 130,020,439	\$ 132,330,539	\$ 136,283,170	\$ 136,151,298	\$ 138,105,296	\$ 141,328,916
Program Revenues:									
Governmental activities:									
Charges for services:									
Special Education	\$ 1,991,563	\$ 1,394,045	\$ 53,427	\$ 124,128	\$ 162,070	\$ 183,603	\$ 240,890	\$ 336,014	\$ 336,408
School Schools	15,432,442	16,238,406	20,410,814	20,879,132	16,190,504	15,272,528	14,571,327	13,289,257	2,601,584
Operating grants and contributions	975,105	1,975,946	131,062	157,413	251,809	184,458	1,144,458	404,041	
Capital grants and contributions	17,799,210	19,448,397	22,056,284	23,056,249	18,310,822	17,233,116	17,604,696	5,902,095	4,833,248
Total governmental activities program revenues	\$ 17,769,319	\$ 19,448,397	\$ 22,056,284	\$ 23,056,249	\$ 18,310,822	\$ 17,233,116	\$ 17,604,696	\$ 5,902,095	\$ 4,833,248
Business-Type Activities									
Charges for services:									
Food Service	\$ 1,769,193	\$ 1,842,432	\$ 1,821,255	\$ 1,784,051	\$ 1,783,069	\$ 1,825,265	\$ 1,815,329	\$ 1,820,456	\$ 1,639,914
Operating grants and contributions	242,675	254,274	378,260	430,044	416,517	516,229	514,526	574,150	580,524
Total governmental activities program revenues	\$ 2,011,868	\$ 2,096,726	\$ 2,199,515	\$ 2,214,095	\$ 2,199,586	\$ 2,341,494	\$ 2,329,855	\$ 2,394,606	\$ 2,220,438
Total District Program Revenues	\$ 19,811,078	\$ 21,545,123	\$ 24,255,799	\$ 25,270,344	\$ 20,500,408	\$ 19,634,810	\$ 19,934,551	\$ 7,996,704	\$ 7,053,687
Net (Expense)/Revenue	(88,884,614)	(94,936,677)	(98,860,773)	(104,795,063)	(111,833,315)	(116,730,637)	(116,334,750)	(131,376,754)	(134,343,611)
Business-Type Activities	(78,618)	(73,598)	(24,068)	(23,830)	5,164	82,277	117,927	67,932	68,378
Total District-Wide Net Position	\$ (89,674,232)	\$ (95,010,275)	\$ (98,884,841)	\$ (104,818,893)	\$ (111,828,151)	\$ (116,648,360)	\$ (116,216,743)	\$ (131,308,822)	\$ (134,275,233)
General Revenues and Other Changes in Net Position:									
Governmental activities:									
Property Taxes Levied for General Purpose, Net	\$ 91,499,253	\$ 94,370,813	\$ 100,210,723	\$ 104,320,412	\$ 107,866,691	\$ 111,498,049	\$ 115,157,971	\$ 114,831,204	\$ 117,978,466
Taxes Levied for Debt Service	463,288	463,530	1,081,283	744,680	760,297	2,383,484	2,064,792	2,353,400	2,421,693
Federal and State Aid not Identified	946,741	1,357,874	1,307,280	1,872,919	1,741,406	1,483,635	717,112	13,418,585	18,141,615
Investment Earnings	298,205	427,740	1,363,178	2,365,384	126,198	1,885,095	71,110	45,328	40,140
Miscellaneous Income	190,932	94,216	297,942	388,386	127,600	553,464	298,233	96,908	337,075
Insurance proceeds	(51,469)	(38,109)	(10,927)	(38,155)	(21,992)	(9,659)	77,207	13,518	430,889
Transfers	93,306,250	96,676,064	104,529,451	109,653,228	111,647,243	116,207,688	118,986,547	131,107,662	139,369,245
Total Governmental Activities	193,306,250	196,676,064	204,529,451	209,653,228	211,647,243	216,207,688	218,986,547	231,107,662	239,369,245
Business-Type Activities:									
Investment Earnings	356	511	438	649	318	200	939	761	768
Capital Contributions	42,456	29,474							
Insurance proceeds	51,469	38,109	10,997	38,155	21,992	9,659	(77,207)	(13,518)	20,319
Transfers	94,281	66,094	11,455	38,804	23,310	9,209	(76,268)	(12,757)	1,853
Total Business-Type Activities	94,281	96,744,158	11,455	38,804	23,310	9,209	(76,268)	(12,757)	32,940
Total District-Wide	\$ 93,401,231	\$ 96,744,158	\$ 104,540,906	\$ 109,692,130	\$ 111,069,553	\$ 116,216,877	\$ 118,910,279	\$ 131,094,905	\$ 139,602,185
Change in Net Position:									
Governmental Activities	\$ 4,411,336	\$ 1,739,387	\$ 5,688,678	\$ 4,858,261	\$ (788,072)	\$ (522,949)	\$ 2,651,817	\$ (269,092)	\$ 5,023,634
Business-Type Activities	15,063	(5,504)	14,874	14,874	27,474	91,486	41,719	55,175	101,318
Total District	\$ 4,426,399	\$ 1,733,883	\$ 5,703,552	\$ 4,873,135	\$ (760,598)	\$ (431,463)	\$ 2,693,536	\$ (213,917)	\$ 5,124,952

Source: District records

GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position. Note: This table was prepared with the implementation of GASB 41 in the 2005 fiscal year. This information is presented back to this year of implementation of GASB 34 and additional years will be added until ten years are presented.

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

Unaudited

	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund									
Reserved/Restricted	\$ 3,992,335	\$ 3,501,418	\$ 6,350,307	\$ 9,382,087	\$ 8,538,275	\$ 8,041,629	\$ 7,003,336	\$ 6,561,945	\$ 7,951,867
Assigned							1,966,726	1,464,329	4,679,708
Unassigned							2,379,650	2,177,866	2,686,143
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>\$ 10,349,082</u>	<u>\$ 12,790,443</u>	<u>\$ 11,090,558</u>	<u>\$ 10,454,096</u>	<u>\$ 11,349,712</u>	<u>\$ 10,204,140</u>	<u>\$ 15,317,718</u>
All Other Governmental Funds									
Reserved/Restricted	\$ 3,381,527	\$ 1,575,580	\$ 27,952,035	\$ 4,052,255	\$ 2,679,749	\$ 735,639	\$ 1,063,680	\$ 861,145	\$ 509,338
Unassigned (deficit)							(41,015)		
Unreserved, Reported In:									
Capital projects fund	(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>	<u>\$ 1,022,665</u>	<u>\$ 861,145</u>	<u>\$ 509,338</u>
Total All Funds	<u>\$ 10,733,220</u>	<u>\$ 7,098,279</u>	<u>\$ 45,011,982</u>	<u>\$ 21,083,366</u>	<u>\$ 14,702,888</u>	<u>\$ 11,389,265</u>	<u>\$ 12,372,377</u>	<u>\$ 11,065,285</u>	<u>\$ 15,827,056</u>

Source: CAFR Schedule B-1 and District records.

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

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

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

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

Unaudited

	Year Ended June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues									
Tax levy	\$ 91,962,541	\$ 94,834,343	\$ 101,292,548	\$ 105,064,672	\$ 108,753,288	\$ 114,081,533	\$ 117,822,763	\$ 117,186,684	\$ 120,411,379
Interest Earned of Capital Reserve	9,511	16,281	17,368	9,363	9,777	4,511	3,414	1,490	882
Interest Earned on Maintenance Reserve							1,284	796	412
Miscellaneous	1,967,832	1,813,657	3,386,749	4,773,868	2,282,203	2,679,306	2,302,668	2,480,810	2,843,613
State sources	15,388,079	17,440,333	19,763,554	20,617,320	16,175,007	14,420,722	12,346,912	13,983,424	18,230,758
Federal sources	1,949,631	2,057,956	2,116,513	2,262,607	2,149,782	2,303,741	4,036,994	2,443,038	2,296,403
Total revenue	111,277,594	116,162,570	126,576,732	132,727,830	129,370,057	133,489,813	136,514,035	136,096,242	143,783,447
Expenditures									
Instruction									
Regular and special educ instruct.	33,678,666	34,635,915	35,057,295	37,167,845	38,969,236	39,381,191	39,611,735	38,093,643	37,666,229
Special Education Instruction	5,864,094	6,640,176	7,270,481	7,718,948	8,134,428	8,478,729	9,885,294	9,282,035	9,594,060
Other Instruction	3,019,986	2,954,144	2,843,855	3,019,629	3,125,853	3,321,850	3,131,972	3,087,861	3,426,107
School-Sponsored Instruction	1,853,073	1,829,442	1,847,599	1,873,265	1,922,526	1,959,883	1,959,090	1,992,630	2,062,973
Support Services:									
Tuition	7,208,754	7,440,920	7,838,140	8,068,232	8,219,763	8,619,040	8,761,180	8,958,958	8,804,359
Student Service	9,858,273	10,705,392	11,151,534	12,207,485	10,209,868	10,978,064	11,029,504	12,107,814	12,141,029
Student & Instruction Related Service	796,972	965,713	1,409,519	850,393	4,531,483	4,320,904	3,978,174	3,799,859	3,657,933
General Administration	1,449,104	1,565,636	998,841	1,550,661	1,040,958	888,499	886,793	1,085,949	833,270
School Administration	4,174,355	4,568,008	4,298,379	1,585,170	4,816,887	4,524,606	4,616,791	4,694,512	4,816,528
Central Services	212,496	1,415,086	1,484,723	4,498,874	1,685,028	1,637,641	1,637,544	1,573,062	1,428,299
Administrative Information Technology	24,304	705,507	783,914	788,401	883,790	823,754	754,861	640,210	773,555
Plant Operations & Maintenance	8,089,968	8,936,580	8,741,859	9,831,091	9,860,863	9,673,943	8,693,102	8,313,218	8,695,511
Pupil Transportation	5,108,378	5,818,073	6,099,104	6,070,520	6,148,902	6,626,853	5,661,933	6,600,429	6,417,563
Business & 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	26,795,395	29,149,709	31,073,806
Debt service:									
Principal	395,000	410,000	430,000	950,000	1,185,000	1,200,000	1,250,000	1,350,000	1,500,000
Interest	69,210	54,720	1,120,280	2,119,145	2,076,653	2,026,635	1,973,041	1,916,166	1,853,823
Capital outlay	4,839,988	8,108,868	16,558,422	30,784,296	8,046,825	5,350,781	4,151,440	3,684,818	3,539,862
Charter school				101,737	89,288	133,619	160,727	285,780	359,963
Special Schools	1,626,300	1,282,342	1,412,428	1,458,136	1,486,532	1,559,717	1,674,554	1,805,199	1,800,842
Total expenditures	110,507,715	120,538,277	137,077,242	157,623,021	136,733,542	137,799,427	136,613,130	138,421,852	140,445,712
Excess (Deficiency) of revenues over (under) expenditures	769,879	(4,375,707)	(10,500,510)	(24,895,191)	(7,363,485)	(4,309,614)	(99,095)	(2,325,610)	3,337,735
Other financing sources (uses)									
Capital leases (non-budgeted)	779,000	778,875	791,940	1,005,000	1,005,000	1,005,000	1,005,000	1,005,000	1,005,000
Cancellations	(119,965)								
Bond proceeds			47,633,000						430,889
Insurance proceeds									350,895
Transfers in	4,041,039	2,157,932	1,645,763	2,179,802	2,557,839	45,998	89,443	473,119	
Transfers out	(4,092,508)	(2,196,041)	(1,656,760)	(2,217,957)	(2,579,831)	(55,007)	(12,236)	(459,601)	(362,748)
Total other financing sources (uses)	607,566	740,766	48,413,943	966,845	983,008	995,991	1,082,207	1,018,518	1,424,036
Net change in fund balances	\$ 1,377,445	\$ (3,634,941)	\$ 37,913,433	\$ (23,928,346)	\$ (6,380,477)	\$ (3,313,623)	\$ 983,112	\$ (1,307,092)	\$ 4,761,771
Debt service as a percentage of noncapital expenditures	0.44%	0.41%	1.29%	2.42%	2.53%	2.44%	2.43%	2.42%	2.45%

Source: CAFR Schedule B-2

Note:

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

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

Fiscal Year Ended June 30,	Interest	Adult Education and Regular Tuition	Rentals	Refunds	Other	Total
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
2011	74,609	2,031,360	58,484		105,402	2,269,855
2012	44,098	2,288,300	46,886		50,022	2,429,306
2013	39,245	2,431,644	53,312		283,763	2,807,964

Source: District records.

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

Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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	9,699,800,233
2010	78,507,700	4,405,406,300	326,400	3,100	2,246,593,800	282,858,500	390,988,700	7,404,684,500	584,988,900	11,066,916	7,415,751,416	1.57	9,332,851,651
2011	77,607,500	4,408,878,400	326,400	3,100	2,198,373,300	258,335,800	390,988,700	7,334,513,200	585,116,700	12,432,565	7,346,945,765	1.66	9,082,278,672
2012	72,717,000	4,405,119,200	326,400	4,400	2,131,211,300	250,480,800	390,988,700	7,250,847,800	585,077,700	12,432,565	7,263,280,365	1.72	8,467,896,741
2013	66,904,400	4,403,242,200	326,400	4,400	2,070,234,400	254,664,800	401,241,700	7,196,618,300	576,340,400	10,643,519	7,207,261,819	N/A	8,418,714,892

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

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

Reassessment occurs when ordered by the County Board of Taxation.

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

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

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006. Information in this detail was not available prior to the 2004 fiscal year and therefore ten years are not presented. Additional years will be added until ten years are presented.

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

Fiscal Year Ended December 31,	Parsippany Troy Hills Schools			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of Parsippany	Morris County	
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
2010	1.53	0.04	1.57	0.58	0.30	2.45
2011	1.60	0.06	1.66	0.54	0.30	2.50
2012	1.66	0.06	1.72	0.56	0.28	2.56

Source: District Records and Municipal Tax Collector

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.

* Change due to a revaluation of property.

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

Taxpayer	2013		Taxpayer	2004	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Knoll Manor Associates	\$ 61,015,400	0.85%	Morris Corporate Center, HDQ III	\$ 39,882,500	0.55%
Morris Corporate Center, HDQ III	58,875,100	0.82%	Morris Corporate Center, HDQ I & II	39,745,100	0.55%
State Farm Insurance	58,544,700	0.81%	Knoll Manor, Inc.	25,446,700	0.35%
Morris Corporate Center, HDQ I & II	57,660,700	0.80%	Mack-Cali-Arbor Circle	24,191,400	0.34%
Powder Mill Heights	51,831,300	0.72%	Powder Mill Heights	22,509,300	0.31%
Sylvan/Campus Rity, LLC	49,101,800	0.68%	Morris Corporate Center, HDQ IV	22,167,100	0.31%
MCC IV - Phase I, LLC	43,526,900	0.60%	Mountain Club Tenants Corp.	21,961,500	0.30%
Troy Hills Village	41,506,500	0.58%	Trinet Essential Fac., Gatehall II	21,069,300	0.29%
MCC IV - Phase II, LLC	41,107,000	0.57%	American Cyanamid Company	19,288,000	0.27%
Well REIT-Mult. State	40,677,800	0.56%	Troy Hills Village	19,000,000	0.26%
Total	\$ 503,847,200	6.99%		\$ 255,260,900	3.54%
Net Assessed Value	\$7,207,261,819			\$ 7,861,372,866	

Source: Municipal Tax Collector

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	\$ 86,030,329	\$ 86,030,329	100.00%	-
2005	91,962,541	91,962,541	100.00%	-
2006	94,834,343	94,834,343	100.00%	-
2007	101,292,548	101,292,548	100.00%	-
2008	105,064,672	105,064,672	100.00%	-
2009	108,753,288	108,753,288	100.00%	-
2010	114,081,533	114,081,533	100.00%	-
2011	117,822,763	117,822,763	100.00%	-
2012	117,186,684	117,186,684	100.00%	-
2013	120,411,379	120,411,379	100.00%	-

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

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

Parsippany-Troy Hills School District
 Ratios of Outstanding Debt by Type
 Last Nine 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			
2005	\$ 1,725,000	\$ 1,618,416		\$ 3,343,416	0.11%	\$ 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	1.43%	1,011
2008	47,568,000	2,553,060		50,121,060	1.36%	1,004
2009	46,383,000	2,721,823		49,104,823	1.45%	984
2010	45,183,000	2,923,428		48,106,428	1.29%	962
2011	43,933,000	3,004,835		46,937,835	1.22%	881
2012	42,583,000	3,045,125		45,628,125	1.18%	852
2013	41,083,000	3,042,587		44,125,587	1.15%	822

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006. Information in this detail was not available prior to the 2005 fiscal year and therefore ten years are not presented. Additional years will be added until ten years are presented.

Source: School District Financial Reports

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Net Valuation Taxable ^(a)	Per Capita ^(b)
	General Obligation Bonds	Deductions			
2005	\$ 1,725,000	-	\$ 1,725,000	0.02%	\$ 66
2006	1,315,000	-	1,315,000	0.02%	94
2007	48,518,000	-	48,518,000	0.64%	1,011
2008	47,568,000	-	47,568,000	0.63%	1,004
2009	46,383,000	-	46,383,000	0.62%	984
2010	45,183,000	-	45,183,000	0.61%	962
2011	43,933,000	-	43,933,000	0.60%	881
2012	42,583,000	-	42,583,000	0.59%	852
2013	41,083,000	-	41,083,000	0.58%	822

Source: School District Financial records

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

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

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

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2013. Information in this detail was not available prior to the 2005 fiscal year and therefore ten years are not presented. Additional years will be added until ten years are presented.

Parsippany-Troy Hills School District
 Ratios of Overlapping Governmental Activities Debt
 As of December 31, 2012
 Unaudited

	<u>Debt Authorized and Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Parsippany	\$ 123,788,035	100.00%	\$ 123,788,035
Morris County General Obligation Debt	258,747,587	9.49%	<u>24,555,146</u>
Subtotal overlapping debt			148,343,181
Parsippany-Troy Hills School District Direct Debt			<u>41,083,000</u>
Total direct and overlapping debt			<u><u>\$ 189,426,181</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2013

Equalized valuation basis

2013	\$	8,418,714,892
2012		8,467,896,741
2011		9,082,278,672
	\$	<u>25,968,890,305</u>

Average equalized valuation of taxable property \$ 8,656,296,768

Debt limit ^a (4 % of average equalization value) \$ 346,251,871

Net bonded school debt 41,083,000

Legal debt margin \$ 305,168,871

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 242,392,248	\$ 274,905,116	\$ 307,515,903	\$ 341,938,352	\$ 369,432,176	\$ 386,019,056	\$ 260,753,615	\$ 385,435,807	\$ 368,325,696	\$ 346,251,871
Total net debt applicable to limit	<u>2,120,000</u> #	<u>1,725,000</u>	<u>1,315,000</u>	<u>48,518,000</u>	<u>47,568,000</u>	<u>46,383,000</u>	<u>45,183,000</u>	<u>43,933,000</u>	<u>42,583,000</u>	<u>41,083,000</u>
Legal debt margin	<u>\$ 240,272,248</u>	<u>\$ 273,180,116</u>	<u>\$ 306,200,903</u>	<u>\$ 293,420,352</u>	<u>\$ 321,864,176</u>	<u>\$ 339,636,056</u>	<u>\$ 215,570,615</u>	<u>\$ 341,502,807</u>	<u>\$ 325,742,696</u>	<u>305,168,871</u>
Total net debt applicable to the limit as a percentage of debt limit	0.87%	0.63%	0.43%	14.19%	12.88%	12.02%	17.33%	11.40%	11.56%	11.87%

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

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

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

Year	Population ^a	Personal Income ^b	Morris County Per Capita Personal Income	Unemployment Rate ^d
2004	50,611	\$ 3,076,136,580	\$ 60,780	3.20%
2005	50,452	3,174,944,360	62,930	3.00%
2006	50,159	3,406,698,962	67,918	3.10%
2007	49,911	3,553,214,001	71,191	2.70%
2008	49,880	3,692,367,000	74,025	3.60%
2009	49,982	3,379,482,948	67,614	7.60%
2010	53,281	3,719,599,891	69,811	7.60%
2011	53,529	3,839,635,170	71,730 *	7.10%
2012	53,709 **	3,852,546,570	71,730 *	7.30%
2013	53,709 **	3,852,546,570	71,730 *	7.30%

Source: School District Reports

* Latest Morris County per capita personal income available (2011) was used for calculation purposes.

** Latest population data available (2012) was used for calculation purposes.

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

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

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

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

2013			2004		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
United Parcel Post	1,927	N/A	United Parcel Post	1,800	N/A
Wyndham	1,366	N/A	Merck-Medco	1,500	N/A
Automatic Data Processing	1,300	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 and Company	1,100	N/A
Tiffany and Company	710	N/A	Automatic Data Processing	1,010	N/A
State Farm	700	N/A	Dialogic Corp.	950	N/A
Common Health	555	N/A	Lucent Technologies	850	N/A
EBI-Evonik Corp.	525	N/A	Nabisco	825	N/A
NY Life Inv. Mgmt.	500	N/A	Dun & Bradstreet	700	N/A
	<u>9,608</u>			<u>11,135</u>	

Source: Various Agencies of the Township

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

Parsippany-Troy Hills School District
 Full-time Equivalent District Employees by Function/Program
 Last Nine 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>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction									
Regular	506.5	506.9	504.9	509.3	544.3	539.7	516.4	513.1	519.2
Special education	77.5	81.9	91.8	96.7	96.3	104.0	106.0	109.6	113.0
Support Services:									
Student & Instruction Related Services	102.9	106.0	108.4	108.8	113.8	106.0	107.2	109.0	102.4
School Administrative Services	33.0	33.0	34.0	33.0	32.0	32.0	32.0	32.0	37.3
General & Business Administrative Services	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	3.0
Plant Operations and Maintenance	110.5	110.5	111.5	111.5	111.5	113.5	94.0	94.0	98.5
Pupil Transportation	23.0	27.0	24.0	24.0	24.0	23.0	23.0	23.0	22.0
Business and Other Support Services	83.0	82.0	82.0	82.0	82.0	80.5	80.5	81.5	81.5
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>	<u>964.1</u>	<u>967.2</u>	<u>976.9</u>

Source: District Personnel Records

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006. Information in this detail was not available prior to the 2005 fiscal year and therefore ten years are not presented. Additional years will be added until ten years are presented.

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

At June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
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%	96.04%
2006	7,099	111,964,689	15,772	5.89%	727	13.5:1	10.7:1	10.4:1	7,099	6,823	0.51%	96.11%
2007	7,180	118,968,540	16,569	5.06%	738	10.3:1	10.7:1	10.1:1	7,180	6,898	1.14%	96.07%
2008	7,252	123,769,580	17,067	3.00%	742	10.3:1	10.7:1	10.1:1	7,252	7,208	1.00%	99.39%
2009	7,152	125,425,064	17,537	2.75%	745	10.3:1	10.3:1	9.5:1	7,157	6,862	-1.31%	95.88%
2010	7,397	129,222,011	17,470	-0.39%	747	10.5:1	7.4:1	9.5:1	7,274	6,988	1.63%	96.07%
2011	7,321	129,238,649	17,653	1.05%	727	12.3:1	8.1:1	10.0:1	7,194	6,984	-1.10%	97.08%
2012	7,290	131,470,868	18,034	2.16%	729	11.8:1	8.6:1	10.4:1	7,267	6,967	1.01%	95.87%
2013	7,270	133,552,027	18,370	1.86%	735	13.2:1	9.1:1	10.3:1	7,270	6,833	1.00%	93.99%

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

Note: Enrollment's based October 15, 2012 ASSA/DRTRS count report.

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

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006. Information in this detail was not available prior to the 2005 fiscal year and therefore ten years are not presented. Additional years will be added until ten years are presented.

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

District Building	2005	2006	2007	2008	2009	2010	2011	2012	2013
Parisppany High School (1956)									
Square Feet	166,512	166,512	166,512	166,512	174,377	174,377	174,377	174,377	174,377
Capacity (students)	817	817	817	817	1,106	1,106	1,106	1,106	1,106
Enrollment	987	971	975	1,009	1,020	1,043	1,043	1,008	1,008
Parsippany Hills High School (1970)									
Square Feet	202,899	202,899	202,899	202,899	218,009	218,009	218,009	218,009	218,009
Capacity (students)	837	837	837	837	1,230	1,230	1,230	1,230	1,230
Enrollment	1,205	1,226	1,197	1,177	1,166	1,153	1,132	1,139	1,139
Brooklawn Middle School (1965)									
Square Feet	111,126	111,126	111,126	111,126	125,310	125,310	125,310	125,310	125,310
Capacity (students)	771	771	771	771	900	900	900	900	900
Enrollment	904	872	885	927	915	872	861	844	844
Central Middle School (1928)									
Square Feet	91,441	91,441	91,441	91,441	138,221	138,221	138,221	138,221	138,221
Capacity (students)	620	620	620	620	846	846	846	846	846
Enrollment	747	764	791	797	755	762	792	812	812
East Lake Elementary School (1967)									
Square Feet	31,589	31,589	31,589	31,589	31,589	31,589	31,589	31,589	31,589
Capacity (students)	289	289	289	289	289	289	289	289	289
Enrollment	326	329	314	298	283	277	331	338	338
Intervale Elementary School (1966)									
Square Feet	27,771	27,771	27,771	37,731	37,731	37,731	37,731	37,731	37,731
Capacity (students)	381	381	381	490	490	490	490	490	490
Enrollment	263	263	275	327	314	331	316	298	298
Knollwood Elementary School (1961)									
Square Feet	33,880	33,880	33,880	33,880	33,880	33,880	33,880	33,880	33,880
Capacity (students)	298	298	298	298	298	298	298	298	298
Enrollment	320	316	309	327	331	359	323	312	312
Lake Hiawatha Elementary School (1952)									
Square Feet	38,314	38,314	38,314	44,424	44,424	44,424	44,424	44,424	44,424
Capacity (students)	371	371	371	381	381	381	381	381	381
Enrollment	329	317	332	373	407	436	400	431	431
Lake Parsippany Elementary School (1949)									
Square Feet	36,747	36,747	36,747	36,747	36,747	36,747	36,747	36,747	36,747
Capacity (students)	376	376	376	376	376	376	376	376	376
Enrollment	358	358	356	335	324	314	321	334	334
Littleton Elementary School (1958)									
Square Feet	41,890	41,890	41,890	41,890	41,890	41,890	41,890	41,890	41,890
Capacity (students)	371	371	371	371	371	371	371	371	371
Enrollment	451	455	466	416	394	368	393	381	381
Mt. Tabor Elementary School (1930)									
Square Feet	34,350	34,350	34,350	42,712	42,712	42,712	42,712	42,712	42,712
Capacity (students)	337	337	337	434	434	434	434	434	434
Enrollment	237	261	273	330	350	396	423	430	430
Northvail elementary School (1966)									
Square Feet	32,798	32,798	32,798	32,798	32,798	32,798	32,798	32,798	32,798
Capacity (students)	298	298	298	298	298	298	298	298	298
Enrollment	322	331	356	322	320	358	367	371	371
Rockaway Meadow Elementary School (1966)									
Square Feet	36,366	36,366	36,366	36,366	36,366	36,366	36,366	36,366	36,366
Capacity (students)	277	277	277	277	277	277	277	277	277
Enrollment	294	302	317	273	280	265	280	270	270
Troy Hills Elementary School (1964)									
Square Feet	36,954	36,954	36,954	36,954	36,954	36,954	36,954	36,954	36,954
Capacity (students)	326	326	326	326	326	326	326	326	326
Enrollment	320	334	334	334	320	325	307	302	302
Other:									
Windish Administration (1965)									
Square Feet	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Maintenance Building (1900)									
Square Feet	4,074	4,074	4,074	4,074	4,074	4,074	4,074	4,074	4,074
Board Office (acquired in 2006)									
Square Feet	-	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500

Number of Schools at June 30, 2013
 Elementary = 10
 Middle School = 2
 High School = 2
 Other = 3

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

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

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2005. Information in this detail was not available prior to the 2005 fiscal year and therefore ten years are not presented. Additional years will be added until ten years are presented.

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

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

School Facilities	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Parsippany High School	\$ 323,716	\$ 338,538	\$ 72,383	\$ 78,787	\$ 67,224	\$ 56,790	\$ 73,502	\$ 267,218	\$ 350,175	\$ 328,401
Parsippany Hills High School	211,409	236,723	86,788	61,447	65,024	63,925	96,302	336,581	334,563	410,880
Brooklawn Middle School	160,423	259,766	50,849	48,824	50,945	42,854	54,691	244,553	269,543	225,776
Central Middle School	123,618	233,292	48,618	50,961	46,174	43,382	62,692	258,973	201,581	246,301
East Lake Elementary School	70,879	75,111	21,144	17,715	16,878	13,701	13,495	68,556	148,268	61,575
Intervale Elementary School	60,490	60,847	17,702	18,026	21,273	10,216	24,362	88,620	69,804	82,100
Knollwood Elementary School	47,575	127,613	19,993	19,828	19,616	12,432	16,513	54,310	48,476	81,995
Lake Hiawatha Elementary School	355,792	86,394	33,334	13,503	22,321	19,793	22,075	99,239	127,723	102,625
Lake Parsippany Elementary School	103,446	71,794	36,213	18,149	22,410	22,702	26,619	136,929	76,337	61,600
Littleton Elementary School	76,857	61,738	16,278	23,906	19,978	14,591	13,391	85,716	62,744	61,578
Mt. Tabor Elementary School	154,356	120,226	34,429	15,138	25,759	25,406	32,716	167,401	81,104	61,580
Northvail Elementary School	60,759	88,439	20,776	20,506	17,732	12,350	20,923	83,721	73,647	61,599
Rockaway Meadow Elementary School	45,685	82,917	19,946	19,232	19,294	13,097	35,660	69,554	62,796	82,140
Troy Hills elementary School	65,977	68,971	20,971	18,539	24,336	11,408	22,300	75,759	73,762	82,106
Administration Building	9,538	26,976	1,588,092	1,482,103	1,637,502	1,643,930	1,540,299	140,114	116,345	82,105
Maintenance Building	12,215	4,340	11,254	38,169	43,893	77,071	82,178	13,008	10,844	20,525
Grand Total	\$ 1,882,735	\$ 1,943,685	\$ 2,098,770	\$ 1,944,833	\$ 2,120,359	\$ 2,083,648	\$ 2,137,718	\$ 2,190,252	\$ 2,107,712	\$ 2,052,886

Source: District records of required maintenance.

Parsippany-Troy Hills School District
Insurance Schedule
Year ended June 30, 2013
Unaudited

Type of Coverage	Coverage	Deductible
School Package Policy:		
Utica National Insurance Group:		
Property - Blanket Building and Contents	\$ 189,732,630	\$ 5,000
Comprehensive General Liability	3,000,000	Aggregate
	1,000,000	Aggregate
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	4,335,000	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 - Monumental Life Insurance Co.		
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	300,000	1,000
Contents	300,000	1,000

Source: District Records

Single Audit Section

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Parsippany-Troy Hills School District, in the County of Morris, New Jersey (the "District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 2013.

Internal Control Over Financial Reporting

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

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

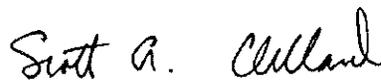
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free 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 the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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



Scott A. Clelland

Licensed Public School Accountant

No. 1049



WISS & COMPANY, LLP

December 5, 2013
Iselin, New Jersey

Report on Compliance For Each Major Federal and State Program and Report on Internal Control Over Compliance

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Parsippany-Troy Hills School District, in the County of Morris, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB 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 its major federal and state programs for the year ended June 30, 2013. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on an audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB Circular 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Modified Opinion on No Child Left Behind Title I, Part A

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding CFDA 84.010 No Child Left Behind Title I, Part A described in finding number 2013-1 for Allowable costs. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Modified Opinion on No Child Left Behind Title I, Part A

In our opinion, except for the noncompliance described in the Basis for Modified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to previously that could have a direct and material effect on the No Child Left Behind Title I, Part A program for the year ended June 30, 2013.

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to previously that could have a direct and material effect on each of its other major federal and state programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

Other Matter

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-1 that we consider to be a significant deficiency.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purposes.

Scott A. Clelland

Scott A. Clelland
Licensed Public School Accountant
No. 1049

Wiss & Company

WISS & COMPANY, LLP

December 5, 2013
Iselin, New Jersey

Parsippany-Troy Hills School District

Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Period Number	Grant Period	Award Amount	Balance June 30, 2012				Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2013		
					(Accounts Receivable)	Unearned Revenue	Due to Grantor							(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Education—Passed-Through State																
Department of Education																
General Fund																
Education Jobs	84.410A	ARRA395012	8/1/12-9/30/13	\$ 626						\$ 626			\$ (626)			
Education Jobs	84.410A	ARRA395012	8/1/11-9/30/12	221,850	(177,012)				\$ 177,012							
Total U.S. Department of Education					(177,012)	-	-	-	177,012	626	-	-	(626)	-	-	
U.S. Department of Health and Human Services Passed-through State Department of Education:																
Special Education Medicaid Initiative	93.778	N/A	7/1/12-6/30/13	63,638					63,638	63,638						
Special Education Medicaid Initiative	93.778	N/A	7/1/11-6/30/12	63,141	(35,276)				35,276							
Total U.S. Department of Health and Human Services					(35,276)	-	-	-	99,414	63,638	-	-	-	-	-	
Total General Fund					(212,788)	-	-	-	276,426	64,264	-	-	(626)	-	-	
U.S. Department of Education—Passed-Through State																
Department of Education																
Special Revenue Fund:																
Title I	84.010A	NCLB395013	9/1/12-8/31/13	417,394						337,392			(337,392)			
Title I	84.010A	NCLB395012	9/1/11-8/31/12	294,085	(71,625)				69,463	24,375			(26,537)			
Title II, Part A	84.367A	NCLB395013	9/1/12-8/31/13	104,336					45,595	87,136			(41,541)			
Title II, Part A	84.367A	NCLB395012	9/1/11-8/31/12	118,654	(87,379)				109,630	22,251						
Title II, Part A	84.367A	NCLB395011	9/1/10-8/31/11	215,142	(5,159)				5,159							
Title III	84.365A	NCLB395013	9/1/12-8/31/13	95,309					18,373	37,932			(19,559)			
Title III	84.365A	NCLB395012	9/1/11-8/31/12	103,519	(15,450)				22,605	7,155						
Title III	84.365A	NCLB395011	9/1/10-8/31/11	114,533	(7,321)				7,321							
Special Education Cluster:																
I.D.E.A. Part B, Regular	84.027	IDEA395013	9/1/12-8/31/13	1,628,577					665,720	1,527,285			(861,565)			
I.D.E.A. Part B, Regular	84.027	IDEA395012	9/1/11-8/31/12	1,609,757	(282,025)				306,041	24,016						
I.D.E.A. Part B, Regular	84.027	IDEA395011	9/1/10-8/31/11	1,574,957	(59,192)				59,192							
I.D.E.A. Part B, Preschool	84.173	IDEA395013	9/1/12-8/31/13	60,394						53,381			(53,381)			
American Recovery and Reinvestment Act:																
ARRA - I.D.E.A. Part B, Regular	84.391	IDEA395011	9/1/09-8/31/11	1,672,307	(52,997)				52,997							
U.S. Department of Homeland Security																
Passed-through State Department of Education																
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	10/29/12-6/30/13	65,383					13,974	65,383			(51,409)			
Total Special Revenue Fund					(581,148)	-	-	-	1,376,070	2,186,306	-	-	(1,391,384)	-	-	
U.S. Department of Agriculture—Passed-Through State																
Department of Education																
Enterprise Fund:																
U.S.D.A Food Donation Program (NC)	10.555	N/A	7/1/12-6/30/13	109,127					109,127	104,495			\$ 4,632			
National School Lunch Program	10.555	N/A	7/1/12-6/30/13	454,075					424,559	454,075			(29,516)			
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	420,816	(26,009)				26,009							
Total Enterprise Fund and Total U.S. Department of Agriculture—Passed-Through State Department of Education					(26,009)	-	-	-	559,695	558,570	-	-	(29,516)	4,632	-	
Total Federal Awards					\$ (819,945)	\$ -	\$ -	\$ -	\$ 2,212,191	\$ 2,809,140	\$ -	\$ -	\$ (1,421,526)	\$ 4,632	\$ -	

NC - non cash expenditure

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

Parsippany-Troy Hills School District
Schedule of Expenditures of State Financial Assistance
Year ended June 30, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2012		Carryover/Walkover	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances		Balance at June 30, 2013			Memo	
				Uncearned Rev. (Accts Rec)	Due to Grantor				Uncearned Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Expenditures		
State Department of Education															
General Fund:															
Special Education Categorical Aid	495-034-5120-089	7/1/12-6/30/13	\$ 3,987,213				\$ 3,613,264	\$ 3,987,213						\$ (373,949)	\$ 3,987,213
Special Education Categorical Aid	495-034-5120-089	7/1/11-6/30/12	3,580,489	(323,588)			323,588								
Equalization Aid	495-034-5120-078	7/1/12-6/30/13	91,623				83,030	91,623						(8,593)	91,623
Security Aid	495-034-5120-084	7/1/12-6/30/13	132,053				119,668	132,053						(12,385)	132,053
Transportation Aid	495-034-5120-014	7/1/12-6/30/13	268,613				243,421	268,613						(25,192)	268,613
Extraordinary Aid	100-034-5120-044	7/1/12-6/30/13	795,646					795,646			\$ (795,646)				795,646
Additional NP Transportation Aid	Not available	7/1/12-6/30/13	72,583					72,583			(72,583)				72,583
Additional NP Transportation Aid	Not available	7/1/11-6/30/12	59,790	(59,790)			59,790								
Reimbursed TPAF - Social Security	495-034-5093-002	7/1/12-6/30/13	4,177,460				3,969,885	4,177,460						(207,575)	4,177,460
Total General Fund				(383,378)	-	-	8,412,646	9,525,191	-	-	-	(1,075,804)	-	(420,119)	9,525,191
Special Revenue Fund:															
Non Public Auxiliary Services (Ch. 192):															
ESL	100-034-5120-067	7/1/12-6/30/13	2,728										\$ 2,728		
Compensatory Education		7/1/12-6/30/13	41,804				41,804	19,815						21,989	19,815
Compensatory Education		7/1/11-6/30/12	24,515		\$ 6,256				\$ (6,256)						
Non Public Handicapped Services (Ch. 193):															
Supplemental Instruction	100-034-5120-066	7/1/12-6/30/13	18,040					18,040	12,142					5,898	12,142
Supplemental Instruction		7/1/11-6/30/12	21,046			13,329				(13,329)					
Examination and Classification		7/1/12-6/30/13	23,889				23,889	19,564						4,325	19,564
Examination and Classification		7/1/11-6/30/12	19,009			2,583				(2,583)					
Corrective Speech		7/1/12-6/30/13	26,561				26,561	19,296						7,265	19,296
Corrective Speech		7/1/11-6/30/12	26,855			7,030				(7,030)					
New Jersey Non-Public Aid:															
Nursing	100-034-5120-070	7/1/12-6/30/13	40,190				40,190	26,696						13,494	26,696
Textbook Aid	100-034-5120-064	7/1/12-6/30/13	28,957				28,957	28,587						370	28,587
Technology Aid	100-034-5120-373	7/1/12-6/30/13	10,864				10,864	10,551						313	10,551
Other State Aid:															
Bully Prevention	N/A	7/1/11-6/30/12	146	146						\$ (146)					
Total Special Revenue Fund				146	29,198	-	193,033	136,651	(29,198)	(146)	-	-	56,382	-	136,651
Debt Service Fund:															
Type II Aid	100-034-5120-075	7/1/12-6/30/13	568,228				568,228	568,228							568,228
Total Debt Service Fund				-	-	-	568,228	568,228	-	-	-	-	-	-	568,228
State Department of Agriculture															
Enterprise Fund:															
State School Lunch Program (State share)	100-010-3350-023	7/1/12-6/30/13	21,955				19,237	21,955						(2,718)	21,955
State School Lunch Program (State share)	100-010-3350-023	7/1/11-6/30/12	22,596	(1,377)			1,377								
Total Enterprise Fund				(1,377)	-	-	20,614	21,955	-	-	-	(2,718)	-	-	21,955
Total State Financial Assistance				\$ (384,609)	\$ 29,198	\$ -	\$ 9,194,521	\$ 10,252,025	\$ (29,198)	\$ (146)	\$ -	\$ (1,078,522)	\$ 56,382	\$ (420,119)	\$ 10,252,025

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

Parsippany-Troy Hills School District
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2013

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all expenditures of federal awards and state financial assistance programs of the District. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

2. Basis of Accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some of the amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

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

Parsippany-Troy Hills School District
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2013

3. Relationship to Basic Financial Statements (continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$96,531 for the general fund and \$48,891 for the special revenue fund. See Note to Required Supplementary Information (C-3) for a reconciliation of the budgetary basis to GAAP of accounting for the general and special revenue funds. Financial award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 64,264	\$17,529,123	\$17,593,387
Special Revenue Fund	2,232,139	133,407	2,365,546
Debt Service Fund		568,228	568,228
Food Service Fund	558,570	21,955	580,525
Total financial award revenues	<u>\$ 2,854,973</u>	<u>\$18,252,713</u>	<u>\$21,107,686</u>

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.

Parsippany-Troy Hills School District
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2013

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value of USDA commodities received and current year distributions, respectively. TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2013.

The post retirement pension and medical benefits on-behalf of the District for the year ended June 30, 2013 amounted to \$8,100,463. Since on-behalf post retirement pension and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB's Circular 04-04 and are not reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

6. Adjustments

The adjustment presented on the schedule of expenditures of state financial assistance relates to the cancelation of a prior year liability.

Parsippany-Troy Hills School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2013

Part I - Summary of Auditor's Results

Financial Statement Section

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes ✓ No

Significant deficiency(ies) identified? Yes ✓ None Reported

Noncompliance material to financial statements noted? Yes ✓ No

Federal Awards Section

Dollar threshold used to determine Type A programs: \$300,000

Auditee qualified as low-risk auditee? ✓ Yes No

Type of auditors' report on compliance for major programs: Modified

Internal control over major programs:

Material weakness(es) identified? Yes ✓ No

Significant deficiency(ies) identified? ✓ Yes None Reported

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))? ✓ Yes No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I Part A
10.555	Child Nutrition Cluster

Parsippany-Troy Hills School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2013

Part I - Summary of Auditor's Results

State Awards Section

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$307,561</u>		
Auditee qualified as low-risk auditee?	<u>✓</u>	Yes	<u> </u>
			No
Type of auditors' report on compliance for major programs:	<u>Unmodified</u>		
Internal control over compliance:			
Material weakness(es) identified?	<u> </u>	Yes	<u>✓</u>
			No
Significant deficiency (ies) identified?	<u> </u>	Yes	<u>✓</u>
			None Reported
Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 04-04?	<u> </u>	Yes	<u>✓</u>
			No

Identification of major programs:

GMIS/Program Number	Name of State Program or Cluster
495-034-5120-089	Special Education Categorical Aid
495-034-5120-014	Transportation Aid
100-034-5120-473	Extraordinary Special Education Aid
495-034-5120-078	Equalization Aid
495-034-5120-084	Security Aid

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

Year ended June 30, 2013

Part II – Schedule of Financial Statement Findings

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

Parsippany-Troy Hills School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2013

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

2013-1 Allowable Costs-Significant Deficiency in Internal Control and Material Noncompliance

Federal Programs

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

Criteria:

In accordance with Federal OMB Circular A-133, the District is required to expend federal awards for allowable activities and that the costs of goods and services charged to federal grants are allowable and in accordance with the applicable compliance requirements. Further, the District is required to retain adequate supporting documentation to justify the fact that the expenditure being charged to the grant are allowable.

Statement of Condition:

During our testing of the Title I program, we noted several instances where payroll related expenditures for certain employees were improperly recorded by the District to the Title I grant. These employees should have been charged to the IDEA grant program as identified in the applicable grant agreement and approval in the Board minutes but were charged to Title I for a portion of the year. In addition, we noted an employee was charged to the Title I program for one pay period, but should not have been charged to this program, as the employee worked in a non-Title I approved school.

Questioned Costs:

The total known questioned costs related to the findings amounted to approximately \$41,300.

Context:

During our testing of Federal grant compliance, we selected a sample of payroll related charges, based on the composition of the types of expenditures charged to each major program. For each payroll related charge selected, we requested the District provide us with a time sheet or semi-annual certification in support of the payroll related charge to the grant. The District was unable to provide supporting documentation for the transactions noted above. We extended our testing procedures to verify that Title I employees were being charged properly to the grant program and during the course of our testing we identified certain employees who were incorrectly charged to the Title I program and

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

Year ended June 30, 2013

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

therefore the costs are not allowable. The District has submitted for reimbursement of these costs to the grantor agency.

Cause and Effect:

Time and effort reports or timesheets ensure that only time spent working in the respective grants capacity is being charged to the grant. Lack of time and effort reports or timesheets could subject the District to unallowable costs being charged to the grant, which could potentially jeopardize funding or result in funds being due back to the funding agency. The effect of not having the identified employees charged to the correct grant program will most likely result in the funds having to be remitted to the grantor agency as unallowable expenses.

Recommendation:

We suggest the District develop procedures to ensure that all payroll related expenses being charged to federal programs are properly supported by an approved time sheet or semi-annual certification that the employee is working in the respective grant's capacity. All employees assigned and approved in the related grant agreements and Board minutes should be charged to the correct grant that they have been assigned. We further suggest that the District establish procedures whereby the Title I administrator be assigned the responsibility to prepare the grant agreement and grant related budget, identify the individuals to be charged to the grant and ensure timesheets are properly maintained and signed to support the time and effort of employees charges to the grant program to prevent incorrect charges in the future.

Views of Responsible Officials and Planned Corrective Action: District management agrees with the finding and have prepared a corrective action whereby the Accountant and other program staff will collaborate to ensure that payroll related expenses are being charged to the appropriate programs, and are supported with approved time sheets or certifications. The Business Administrator will assure that the employees under the grant are charged against the correct account line of the grant.

Parsippany-Troy Hills School District
Summary Schedule of Prior Year Audit Findings
Year ended June 30, 2013

None.