

# Parsippany-Troy Hills School District

Parsippany  
County of Morris  
New Jersey

Comprehensive Fiscal Financial Report  
For the Year Ended  
June 30, 2016

# **Parsippany-Troy Hills School District**

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016

**Parsippany-Troy Hills School District**  
**Parsippany, New Jersey**

Prepared by Parsippany-Troy Hills  
Business Office

## Table of Contents (continued)

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
Organizational Chart	5
Roster of Officials	6
Independent Auditors and Advisors	7
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	8
<b>Required Supplementary Information – Part I</b>	
Management's Discussion and Analysis	11
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
A-1 Statement of Net Position	21
A-2 Statement of Activities	22
Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	23
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	24
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Proprietary Fund:	
B-4 Combining Statement of Net Position	26
B-5 Combining Statement of Revenues, Expenses and Changes in Net Position	27
B-6 Combining Statement of Cash Flows	28
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	29
B-8 Statement of Changes in Fiduciary Net Position	30
Notes to the Basic Financial Statements	31

## Table of Contents (continued)

	<u>Page</u>
<b>FINANCIAL SECTION (continued)</b>	
<b>Required Supplementary Information – Part II</b>	
Schedule of Funding Progress – Post-Employment Healthcare Benefit Plan	70
Schedule of Employer Contributions – Post-Employment Healthcare Benefit Plan	
Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employee’s Retirement System (PERS)	71
Schedule of District Contributions – Public Employee’s Retirement System (PERS)	72
Schedule of State’s Proportionate Share of the Net Pension Liability Associated with the District – Teacher’s Pension and Annuity Fund (TPAF)	73 74
Notes to Required Supplementary Information	75
<b>Required Supplementary Information – Part III</b>	
Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund – Budgetary Basis	76
C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Budgetary Basis – Not Applicable	N/A
C-1b Community Development Block Grant Program – Budget and Actual – Not Applicable	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund – Budgetary Basis	84
<b>Note to the Required Supplementary Information</b>	
C-3 Budget to GAAP Reconciliation	85
<b>Supplementary Information</b>	
D School Based Schedules – Not Applicable	N/A
Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	86
E-2 Schedule of Preschool Education Aid Expenditures – Budgetary Basis – Not Applicable	N/A
Capital Projects Fund:	
F-1 Summary Schedule of Project Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	89
F-1a-u Schedule of Project Revenues, Expenditures, Project Balance and Project Status	90
F-2 Summary Schedule of Project Expenditures-Not Applicable	N/A

## Table of Contents (continued)

	<u>Page</u>
<b>FINANCIAL SECTION</b>	
<b>Supplementary Information (continued)</b>	
Enterprise Fund:	
G-1 Combining Statement of Net Position – Not Applicable	N/A
G-2 Combining Statement of Revenues, Expenses, and Changes in Fund Position – Not Applicable	N/A
G-3 Combining Statement of Cash Flows – Not Applicable	N/A
Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	111
H-2 Combining Statement of Changes in Fiduciary Net Position	112
H-3 Schedule of Cash Receipts and Cash Disbursements – Student Activity Agency Fund	113
H-4 Schedule of Cash Receipts and Cash Disbursements – Student Activity Agency Fund	114
H-5 Schedule of Cash Receipts and Cash Disbursements – Payroll Agency Fund	115
Long-Term Debt:	
I-1 Schedule of Serial Bonds Payable	116
I-2 Schedule of Obligations Under Capital Leases	117
I-3 Budgetary Comparison Schedule – Debt Service Fund	118
<b>STATISTICAL SECTION – Other Information (Unaudited)</b>	
Financial Trends:	
J-1 Net Position by Component	119
J-2 Changes in Net Position	120
J-3 Fund Balances, Governmental Funds	121
J-4 Changes in Fund Balances – Governmental Funds	122
J-5 General Fund Other Local Revenues by Source	123
Revenue Capacity:	
J-6 Assessed Value and Actual Value of Taxable Property	124
J-7 Property Tax Rates – Direct and Overlapping Governments	125
J-8 Principal Property Tax Payers	126
J-9 Property Tax Levies and Collections	127
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	128
J-11 Ratios of Net General Bonded Debt Outstanding	129
J-12 Ratios of Overlapping Governmental Activities Debt	130
J-13 Legal Debt Margin Information	131
Demographic and Economic Information:	
J-14 Demographic and Economic Statistics	132
J-15 Principal Employers	133
J-16 Full-Time Equivalent District Employees by Function/Program	134

## Table of Contents

	<u>Page</u>
<b>STATISTICAL SECTION – Other Information (Unaudited)</b>	
Operating Information:	
J-17 Operating Statistics	135
J-18 School Building Information	136
J-19 Schedule of Required Maintenance for School Facilities	137
J-20 Insurance Schedule	138
<b>SINGLE AUDIT SECTION</b>	
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	139
K-2 Report on Compliance For Each Major Federal and State Program and Report on Internal Control Over Compliance Required by the OMB Uniform Guidance and New Jersey OMB 15-08	141
K-3 Schedule A – Schedule of Expenditures of Federal Awards-Supplementary Information	144
K-4 Schedule B – Schedule of Expenditures of State Financial Assistance-Supplementary Information	145
K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	146
K-6 Schedule of Findings and Questioned Costs - Part I - Summary of Auditor’s Results	149
K-7 Schedule of Findings and Questioned Costs – Parts II and III – Schedule of Financial Statement Findings and Schedule of Federal Award and State Financial Assistance Findings and Questioned Costs	151
K-8 Summary Schedule of Prior Year Audit Findings	153

# Introductory Section

*Parsippany-Troy Hills Township Schools*

*Robin Tedesco*  
*Business Administrator/Board Secretary*

*292 Parsippany Rd, P.O. Box 52*  
*Parsippany, NJ 07054-0052*  
*(973)263-7200 ext. 7209*  
*E-mail: rctedesco@pthsd.net*

December 2, 2016

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, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels Pre K through 12. These include general as well as special education for handicapped children. Considerable emphasis is placed on an ESL program serving appropriate students, while both a basic skills and a gifted and talented program are in place to meet students' needs. The District completed the 2015-2016 fiscal year with an enrollment of 7,014 students, which is an increase of 55 students from the previous year's enrollment.



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

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2015-2016	7,014	0.79%
2014-2015	6,959	-0.78%
2013-2014	7,014	-3.52%
2012-2013	7,270	1.00%
2011-2012	7,267	1.10%

2) ECONOMIC CONDITION AND OUTLOOK: The District, along with many other public school districts in the State, faces difficult future economic situations with its major funding sources being property tax revenue and state aid. While expenditures for employee health care, special education costs and contractual salaries continue to increase well above 2%, the District is limited to a 2% tax levy cap. The district's administration is closely monitoring the cost of operations and continues to explore cost efficiencies.

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

In order to provide students with an instructional environment in which they can thrive, the District has developed a program for professional staff development that encourages self-directed professional growth in specifically targeted areas of instruction. The success of any professional development activity in public education can only be measured in terms of the accomplishments of students. It is with this in mind that the District continues its initiatives in differentiating instruction based on the aptitudes and abilities of the students in the classroom while providing students with opportunities to demonstrate, through authentic assessment, their capacities in each content area. The district's strong, collaborative relationship with Montclair State University Network for Educational Renewal affords an opportunity for professional development experiences related to district initiatives and state-wide initiatives.

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

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control environment is designed to provide reasonable, but not absolute, assurance that these

objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

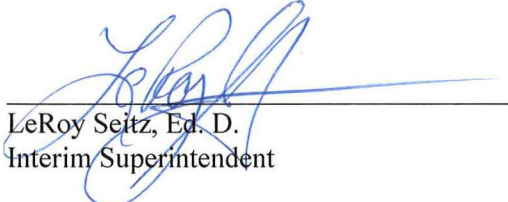
An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assigned fund balance at June 30, 2016.

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

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

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

Respectfully submitted,



LeRoy Seitz, Ed. D.  
Interim Superintendent



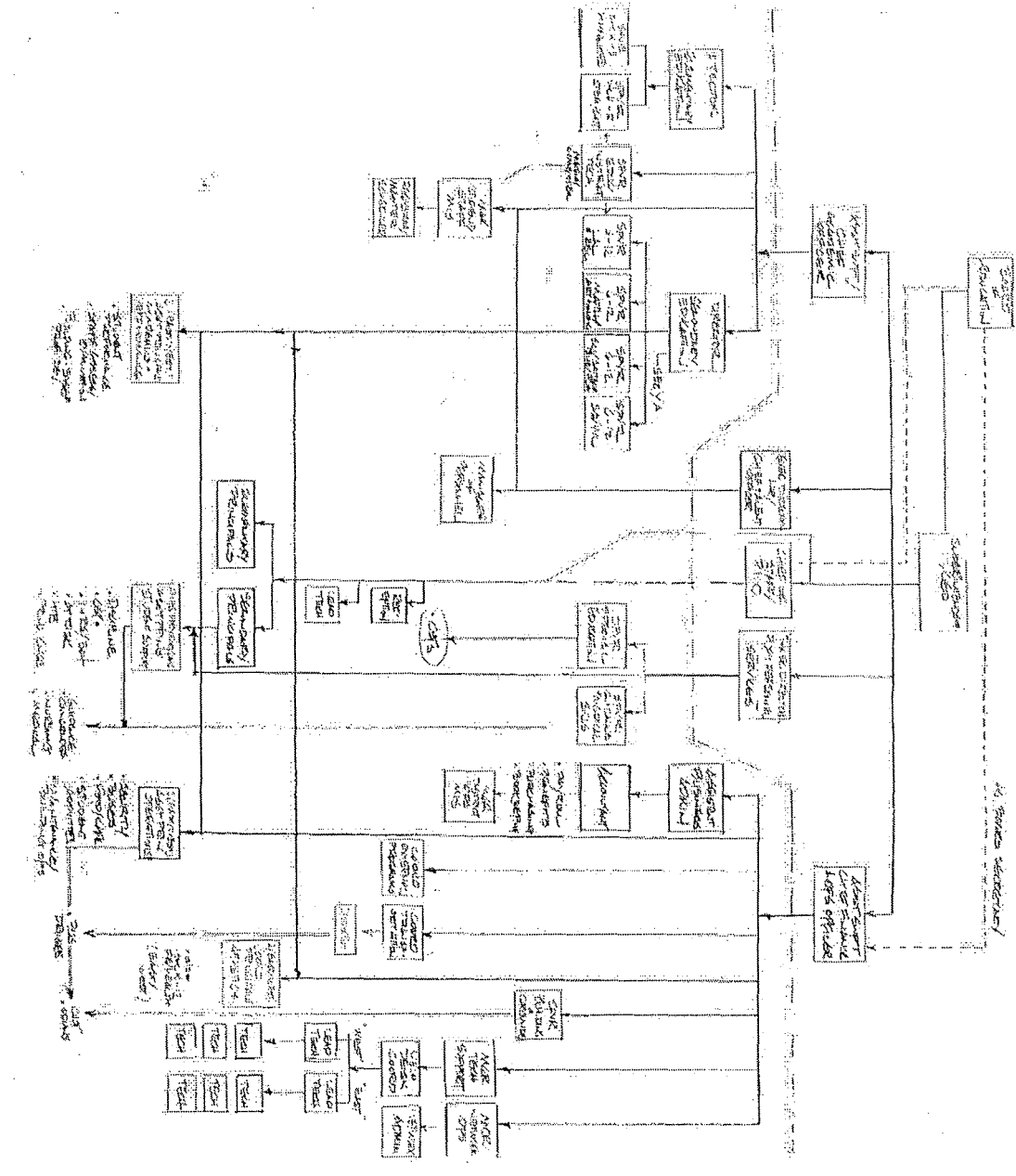
Robin Tedesco  
Business Administrator/Board Secretary

# POLICY

## PARSIPPANY-TROY HILLS TOWNSHIP SCHOOL DISTRICT

ADMINISTRATION  
P 1110/page 1 of 1  
Organizational Chart

### 1110 ORGANIZATIONAL CHART



**PARSIPPANY-TROY HILLS SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Frank Neglia, President	2018
Andrew Choffo, Vice President	2017
Timothy Berrios	2017
George Blair	2017
Joseph Cistaro	2016
Alison Cogan	2016
Susy Golderer	2018
Judy Mayer	2018
Fran Orthwein	2016

<u>Other Officers</u>	<u>Title</u>
Scott Rixford	Superintendent of Schools (July 1, 2015-January 31, 2016)
LeRoy Seitz, Ed.D.	Interim Superintendent of Schools (December 1, 2015-June 30, 2016)
David Corso	Assistant Superintendent for Business/Chief Finance and Operations Officer/Board Secretary (July 1, 2015-May 13, 2016)
Charles Grau	Interim Business Administrator/Board Secretary (May 13, 2016 -June 30, 2016)
Robin Tedesco	Business Administrator/Board Secretary (Effective July 1, 2016)
Eileen Hoehne	Executive Director of Human Resources/Chief Talent Officer
Nancy Gigante, Ed.D.	Assistant Superintendent/Chief Academic Officer
Anthony Giordano	Executive Director of Pupil Personnel Services
Lyanna Rios	Assistant Business Administrator/Board Secretary

**PARSIPPANY-TROY HILLS SCHOOL DISTRICT**

Independent Auditors and Advisors

June 30, 2016

**Attorney**

Schenck, Price, Smith & King, LLP

220 Park Avenue

P.O. Box 991

Florham Park, New Jersey 07932

**Audit Firm**

Wiss & Company, LLP

354 Eisenhower Parkway

Livingston, New Jersey 07039

**Official Depository**

Wells Fargo Bank

250 Parsippany Road

Parsippany, NJ 07054

State of New Jersey Cash Management Fund

Citi Fund Services

P.O. Box 182218

Columbus, OH 43218-2218

NJ Asset and Rebate Management Program

821 Alexander Road, Suite 110

Princeton, NJ 08540

Bank of America

135 S LaSalle Street, Suite 1840

Chicago, IL 60603

TD Bank

1006 Astoria Blvd.

Cherry Hill, NJ 08034

# Financial Section

## Independent Auditors' Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Parsippany-Troy Hills School District, County of Morris, New Jersey (the "District"), as of and for the year ended June 30, 2016, 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, 2016 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 healthcare benefit plan, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

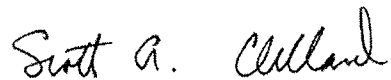
The combining and individual fund financial statements and long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2016 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 2, 2016  
Livingston, New Jersey

Required Supplementary Information  
Part I

Management's Discussion and Analysis

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

Year ended June 30, 2016

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, 2016. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

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

## **Overview of the Financial Statements**

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

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

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

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

The government-wide financial statements can be found on pages 21 – 22 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 23 – 25 of this report.

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

The basic enterprise fund financial statements can be found on pages 26 – 28 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 29 – 30 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 31 – 69 of this report.

**Required Supplementary Information (RSI).** The District is required to present certain supplementary information for its participation in a Post-Employment Healthcare Plan and the Public Employees' Retirement System ("PERS") and Teachers' Pension and Annuity Fund ("TPAF"). Schedules of the District's proportionate share of the PERS net pension liability, contributions made to this program and a schedule of the State's proportionate share of the net pension liability related to TPAF are reported as required supplementary information and can be found on pages 70 - 75 of this report.

**Other information.** The combining statements referred to earlier in connection with governmental funds are presented immediately following the RSI. Combining and individual fund statements and schedules can be found on pages 76 – 118 of this report.

## **Financial Highlights**

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. However, in the case of the District, it does not adequately reflect the District's position. Governmental activities liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$11,070,907 (net position deficit) for the fiscal year ended June 30, 2016. Governmental activities net position decreased in the current year by \$2,144,848.

The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2016 and 2015:

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

	2016			2015		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Current and other assets	\$ 12,668,864	\$ 2,044,862	\$ 14,713,726	\$ 21,867,605	\$ 1,323,242	\$ 23,190,847
Capital assets, net	77,078,062	608,450	77,686,512	71,683,864	568,799	72,252,663
Total assets	89,746,926	2,653,312	92,400,238	93,551,469	1,892,041	95,443,510
Deferred outflow of resources:						
Pension deferrals	9,802,695		9,802,695	4,749,322		4,749,322
Unamortized deferred loss on refunded debt	2,385,142		2,385,142	2,609,716		2,609,716
Total deferred outflows of resources	12,187,837		12,187,837	7,359,038		7,359,038
Current liabilities	10,581,131	501,709	11,082,840	10,147,028	204,258	10,351,286
Net pension liability	49,572,491		49,572,491	40,987,927		40,987,927
Long-term liabilities outstanding	52,055,018		52,055,018	56,258,953		56,258,953
Total liabilities	112,208,640	501,709	112,710,349	107,393,908	204,258	107,598,166
Deferred inflow of resources						
Pension deferrals	797,030		797,030	2,442,658		2,442,658
Net position:						
Net investment in capital assets	22,246,363	608,450	22,854,813	18,025,158	568,799	18,593,957
Restricted	5,164,320		5,164,320	10,500,851		10,500,851
Unrestricted (deficit)	(38,481,590)	1,543,153	(36,938,437)	(37,452,068)	1,118,984	(36,333,084)
Total net position (deficit)	\$ (11,070,907)	\$ 2,151,603	\$ (8,919,304)	\$ (8,926,059)	\$ 1,687,783	\$ (7,238,276)

*Governmental activities*

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

Capital assets, net increased due to the additions to building and building improvements relating primarily to the ESIP and other lease funded capitalized expenses.

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

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

The net pension liability recorded as of June 30, 2016 is the result of the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial*

*Reporting for Pensions (GASB 68) and Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68 (GASB 71).*

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

The largest portion of the District's net position is its net investment in capital assets. Restricted net position includes those that are subject to restrictions (e.g., for capital projects capital reserve, emergency reserve and excess fund balance in the general fund). Restricted net position decreased during the year ended June 30, 2016 resulting from a decrease in net position restricted for capital projects.

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

#### *Business-type activities*

The business-type activity net position for the year ended June 30, 2016 of \$2,151,603 increased from the prior year mainly due to the positive operating results in the 2016 fiscal year of its Adult and Community Education Program.

### **Changes in Net Position**

**Government-wide activities.** The key elements of the District's changes in net position for the years ended June 30, 2016 and 2015 follow. The following table provides a summary of changes in net position relating to the District's governmental and business-type activities at June 30, 2016 and 2015:



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

	2016			2015		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 281,529	\$ 4,357,310	\$ 4,638,839	\$ 216,116	\$ 4,650,853	\$ 4,866,969
Operating grants and contributions	2,788,827	739,830	3,528,657	2,191,240	698,415	2,889,655
Capital grants and contributions				349,442		349,442
General revenues:						
Property taxes	128,386,813		128,386,813	124,936,750		124,936,750
Federal and state aid not restricted to specific purposes	37,599,051		37,599,051	31,151,966		31,151,966
Miscellaneous	263,932		263,932	106,019		106,019
Total revenues	169,320,152	5,097,140	174,417,292	158,951,533	5,349,268	164,300,801
Expenses:						
Instructional	92,828,476		92,828,476	84,285,192		84,285,192
Support services	77,179,912	4,633,320	81,813,232	69,270,921	4,489,723	73,760,644
Charter school	338,426		338,426	343,519		343,519
Special schools				1,666		1,666
Interest on long-term debt	1,118,186		1,118,186	2,048,389		2,048,389
Total expenses	171,465,000	4,633,320	176,098,320	155,949,687	4,489,723	160,439,410
Change in net position	(2,144,848)	463,820	(1,681,028)	3,001,846	859,545	3,861,391
Net position (deficit) – beginning of year						
	(8,926,059)	1,687,783	(7,238,276)	(11,927,905)	828,238	(11,099,667)
Net position (deficit)– end of year	\$ (11,070,907)	\$ 2,151,603	\$ (8,919,304)	\$ (8,926,059)	\$ 1,687,783	\$ (7,238,276)

*Governmental activities*

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

The increase in unrestricted federal and state aid is mainly the result of receiving additional state aid in 2016 as compared to the previous year, mainly attributable to the on-behalf pension benefits paid for by the State on behalf of the District.

*Business-type activities*

Overall, the net position of the business-type activities increased by \$463,820 due to positive 2016 operating results. The District continued to utilize the services of an outside food service management company instead of operating the food service operations in-house.

## 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, 2016, and the increases in relation to prior year. The Capital Projects Fund has been excluded as amounts vary substantially from year to year.

<b>Revenue</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase from 2015</b>	<b>Percent of Increase</b>
Local sources	\$128,956,293	84.74%	\$ 3,658,914	2.92%
State sources	20,547,750	13.50	2,418,134	13.34
Federal sources	2,678,852	1.76	577,269	27.47
<b>Total</b>	<b>\$152,182,895</b>	<b>100.00%</b>	<b>\$ 6,654,317</b>	<b>4.57%</b>

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

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

The increase in federal sources is due to increases in IDEA and Title I, Title II and Title III in the current year compared to prior year.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2016, 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.

<b>Expenditures</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) from 2015</b>	<b>Percent of Increase (Decrease)</b>
Current expenditures:				
Instruction	\$ 56,692,895	35.54%	\$ 3,423,768	6.43%
Support services	90,123,029	56.49	7,374,110	8.91
Capital outlay	9,018,141	5.65	1,620,544	21.91
Charter schools	338,426	0.21	(5,093)	(1.48)
Special schools			(1,666)	(100.00)
Debt service:				
Principal	1,800,000	1.13	(70,000)	(3.74)
Interest	1,557,778	0.98	50,659	3.36
Cost of issuance			(146,300)	(100.00)
<b>Total</b>	<b>\$159,530,269</b>	<b>100.0%</b>	<b>\$ 12,246,022</b>	<b>8.31 %</b>

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.

The increase in capital outlay is attributable to the District's additional capital leases which were entered into in fiscal year 2016.

### **General Fund Budgetary Highlights**

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

- Total instruction – regular programs - an increase of \$842,819 is a result of having to reorganize and hire more staff as a result of the change in the Middle School schedule.
- Total special education - resource room/center - a decrease of \$484,218 is due to the reallocation of teacher assignments.
- Total undistributed instruction - an increase of \$355,669 is due to students who attend out of district schools moving into the district after the budget was struck.
- Total other support service – students – extra services – an increase of \$581,681 is due to an increase in one-to-one paraprofessionals.
- Total undistributed instruction – security - a decrease of \$337,956 is due to the Director of Security and elementary school security guard positions not being filled.
- Total equipment, facilities and construction services – an increase of \$933,891 is due to the purchase of additional technology and maintenance equipment.

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

- Total instruction – regular programs – a positive variance of \$360,206 is the result of cutting back on general supplies and purchasing of text books due to budget constraints.
- Total undistributed expenditures – custodial services – a positive variance of \$454,872 is the result of natural gas and electrical costs which was less than anticipated.

## Capital Assets

At the end of the fiscal years ended June 30, 2016 and 2015, the District had \$77,686,512 and \$72,252,663, respectively, invested in land, construction in progress, land improvements, building and building improvements and machinery and equipment, net of accumulated depreciation or amortization.

	<b>Capital Assets (Net of Depreciation)</b>			
	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Land	\$ 3,956,475	\$ 3,956,475		
Land improvements	3,616,097	809,517		
Construction in Progress	181,320	12,263,132		
Building and building improvements	65,508,724	50,588,026		
Machinery and equipment	3,815,446	4,066,714	\$ 608,450	\$ 568,799
Total	<u>\$ 77,078,062</u>	<u>\$ 71,683,864</u>	<u>\$ 608,450</u>	<u>\$ 568,799</u>

The increase in land improvements, building and building improvements and machinery and equipment is mainly due to additions exceeding depreciation expense during the 2016 fiscal year. The decrease in construction in progress is due to the project completion relating to the ESIP and other lease activity.

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

## Debt Administration

At June 30, 2016, the District had \$58,913,510 of outstanding long-term liabilities. Of this amount, \$1,057,271 is for compensated absences; \$38,222,807 of serial bonds including an unamortized premium on bonds of \$4,752,807; \$639,398 is for other post-employment retirement benefits payable; and \$18,994,034 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 entered into an ESIP during the 2014 fiscal year and expects to receive cost savings as the program is implemented.
2. The Board continues its focus on technological upgrades and advancements in instructional opportunities for students and staff. There are increased budgetary allocations though 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.
3. The District achieved a three year settlement with the teachers' union (PTHEA). The District is currently in negotiations with the administrators' union (APSA), the paraprofessionals' union (PTHESA) and the maintenance, custodial and bus drivers' union (International Association of Industrial Workers-Local 32). The collective bargaining agreement for APSA expired on June 30, 2015 and the collective bargaining agreements for PTHESA and Local 32 expired on June 30, 2016. At the time these financial statements were being prepared it was difficult to estimate the outcome of these negotiations or when they may be achieved.
4. The District continues to maintain its facilities. In the 2015-2016 school year, the district partially replaced two elementary school roofs, added additional security equipment at all schools and turfed the athletic field at each high school.

All of the above factors were considered in preparing the District's 2016-17 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, 2016.

## Parsippany-Troy Hills School District

## Statement of Net Position

June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 8,135,700	\$ 1,928,286	\$ 10,063,986
Accounts receivable	2,674,486	97,030	2,771,516
Inventories		19,546	19,546
Restricted assets:			
Cash held with fiscal agent	5,199		5,199
Cash and cash equivalents	1,853,479		1,853,479
Capital assets, non-depreciable	4,137,795		4,137,795
Capital assets, depreciable, net	72,940,267	608,450	73,548,717
Total assets	<u>89,746,926</u>	<u>2,653,312</u>	<u>92,400,238</u>
<b>Deferred outflows of resources</b>			
Pension deferrals	9,802,695		9,802,695
Unamortized deferred loss on refunded debt	2,385,142		2,385,142
Total deferred outflows of resources	<u>12,187,837</u>		<u>12,187,837</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	2,750,627	389,788	3,140,415
Accrued interest payable	789,679		789,679
Payable to state government	37,215		37,215
Unearned revenue	145,118	111,921	257,039
Net pension liability	49,572,491		49,572,491
Current portion of long-term obligations	6,858,492		6,858,492
Noncurrent portion of long-term obligations	52,055,018		52,055,018
Total liabilities	<u>112,208,640</u>	<u>501,709</u>	<u>112,710,349</u>
<b>Deferred inflow of resources</b>			
Pension deferrals	<u>797,030</u>		<u>797,030</u>
<b>Net position</b>			
Net investment in capital assets	22,246,363	608,450	22,854,813
Restricted for:			
Capital projects	336,192		336,192
Other purposes	4,828,128		4,828,128
Unrestricted (deficit)	<u>(38,481,590)</u>	<u>1,543,153</u>	<u>(36,938,437)</u>
Total net position	<u>\$ (11,070,907)</u>	<u>\$ 2,151,603</u>	<u>\$ (8,919,304)</u>



## Parsippany-Troy Hills School District

## Statement of Activities

Year ended June 30, 2016

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	
<b>Governmental activities</b>						
Instruction						
Regular	\$ 67,327,824			\$ (67,327,824)		\$ (67,327,824)
Special education	17,544,548		\$ 1,728,038	(15,816,510)		(15,816,510)
Other instruction	4,345,044			(4,345,044)		(4,345,044)
School sponsored instruction	3,611,060			(3,611,060)		(3,611,060)
Support services:						
Tuition	9,723,979	\$ 281,529	1,060,789	(8,381,661)		(8,381,661)
Student activities	21,843,077			(21,843,077)		(21,843,077)
Instruction services	8,330,814			(8,330,814)		(8,330,814)
General administration services	1,365,393			(1,365,393)		(1,365,393)
School administration services	7,300,094			(7,300,094)		(7,300,094)
Central services	2,637,523			(2,637,523)		(2,637,523)
Admin information technology	2,417,212			(2,417,212)		(2,417,212)
Plant operations and maintenance	15,682,039			(15,682,039)		(15,682,039)
Pupil transportation	7,879,781			(7,879,781)		(7,879,781)
Interest and other charges on long-term debt	1,118,186			(1,118,186)		(1,118,186)
Charter schools	338,426			(338,426)		(338,426)
Total governmental activities	171,465,000	281,529	2,788,827	(168,394,644)		(168,394,644)
<b>Business-type activities</b>						
Food service	2,529,796	1,748,269	739,830		\$ (41,697)	(41,697)
Adult and community education	2,103,524	2,609,041			505,517	505,517
Total business-type activities	4,633,320	4,357,310	739,830		463,820	463,820
Total primary government	\$ 176,098,320	\$ 4,638,839	\$ 3,528,657	(168,394,644)	463,820	(167,930,824)
<b>General revenues</b>						
Property taxes, levied for general purposes				125,598,737		125,598,737
Property taxes, levied for debt service				2,788,077		2,788,077
State aid not restricted				37,510,404		37,510,404
Federal aid not restricted				88,647		88,647
Investment earnings				2,990		2,990
Miscellaneous income				260,941		260,941
Total general revenues				166,249,796	-	166,249,796
Change in net position				(2,144,848)	463,820	(1,681,028)
Net position—beginning (deficit)				(8,926,059)	1,687,783	(7,238,276)
Net position—ending (deficit)				\$ (11,070,907)	\$ 2,151,603	\$ (8,919,304)

See accompanying notes to the basic financial statements.

# Fund Financial Statements

# Governmental Funds

Parsippany-Troy Hills School District  
Governmental Funds

Balance Sheet

June 30, 2016

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
<b>Assets</b>					
Cash and cash equivalents	\$ 8,098,391			\$ 37,309	\$ 8,135,700
Accounts receivable:					
State	1,124,812		\$ 757,044		1,881,856
Federal	12,751	\$ 679,065			691,816
Interfund	863,853				863,853
Other	100,814				100,814
Restricted assets:					
Cash held with fiscal agents	5,199				5,199
Cash and cash equivalents	1,853,479				1,853,479
<b>Total assets</b>	<u>\$ 12,059,299</u>	<u>\$ 679,065</u>	<u>\$ 757,044</u>	<u>\$ 37,309</u>	<u>\$ 13,532,717</u>
<b>Liabilities and fund balances</b>					
Liabilities:					
Accounts payable	\$ 921,196	\$ 111,520			\$ 1,032,716
Intergovernmental payables:					
State		37,215			37,215
Interfunds payable		443,001	\$ 420,852		863,853
Unearned revenue	57,789	87,329			145,118
<b>Total liabilities</b>	<u>978,985</u>	<u>679,065</u>	<u>420,852</u>		<u>2,078,902</u>
Fund balances:					
Restricted for:					
Capital reserve	590,271				590,271
Capital reserve - designated for subsequent year expenditures	1,000,000				1,000,000
Emergency reserve	263,208				263,208
Capital projects			336,192		336,192
Debt service				\$ 37,309	37,309
Excess surplus-prior year	2,974,649				2,974,649
Assigned to:					
Designated for subsequent year expenditures	3,600,000				3,600,000
Designated for subsequent year expenditures - SEMI	12,751				12,751
Other purposes	189,641				189,641
Unassigned	2,449,794				2,449,794
<b>Total fund balances</b>	<u>11,080,314</u>		<u>336,192</u>	<u>37,309</u>	<u>11,453,815</u>
<b>Total liabilities and fund balances</b>	<u>\$ 12,059,299</u>	<u>\$ 679,065</u>	<u>\$ 757,044</u>	<u>\$ 37,309</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 \$111,013,844 and the accumulated depreciation is \$33,935,782.	77,078,062
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.	(789,679)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	9,005,665
Losses arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the new bonds are deferred and amortized over the life of the new bonds.	2,385,142
Net pension liability is not due and payable in the current period and therefore the liability and related deferred outflows and inflows, are not reported in the funds.	(49,572,491)
Accrued pension contributions for the June 30, 2016 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide Statement of Net Position.	(1,717,911)
Long-term liabilities, including bonds payable, capital leases, premiums on bonds, other post employment benefits payable liabilities and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(58,913,510)</u>
Net position (deficit) of governmental activities	<u>\$ (11,070,907)</u>

Parsippany-Troy Hills School District  
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2016

**Major Funds**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues:</b>					
Local sources:					
Local tax levy	\$ 125,598,737			\$ 2,788,077	\$ 128,386,814
Tuition from individuals	281,529				281,529
Interest	2,438		\$ 552		2,990
Miscellaneous	260,941	\$ 24,571			285,512
Total local sources	126,143,645	24,571	552	2,788,077	128,956,845
State sources	19,805,070	174,051		568,629	20,547,750
Federal sources	88,647	2,590,205			2,678,852
Total revenues	146,037,362	2,788,827	552	3,356,706	152,183,447
<b>Expenditures:</b>					
Current:					
Regular instruction	40,039,248				40,039,248
Special education instruction	9,171,322	1,728,038			10,899,360
Other instruction	3,412,509				3,412,509
School sponsored instruction	2,341,778				2,341,778
Support services & undist costs:					
Tuition	8,659,173	1,060,789			9,719,962
Student services	12,718,187				12,718,187
Instruction services	6,298,685				6,298,685
General administration	1,091,645				1,091,645
School administration	4,410,527				4,410,527
Central services	1,631,073				1,631,073
Admin info technology	1,678,728				1,678,728
Plant oper. & maintenance	11,233,188				11,233,188
Pupil transportation	6,659,821				6,659,821
Unallocated benefits	34,681,213				34,681,213
Capital outlay	9,018,141		2,773,307		11,791,448
Charter school	338,426				338,426
Debt service:					
Principal				1,800,000	1,800,000
Interest				1,557,778	1,557,778
Total expenditures	153,383,664	2,788,827	2,773,307	3,357,778	162,303,576
(Deficiency) of revenues (under) expenditures	(7,346,302)	-	(2,772,755)	(1,072)	(10,120,129)
Other financing sources (uses):					
Capital leases (non-budgeted)	1,000,000				1,000,000
Other capital leases (non-budgeted)	1,370,893				1,370,893
Transfers in				552	552
Transfers out			(552)		(552)
Total other financing sources (uses)	2,370,893	-	(552)	552	2,370,893
Net change in fund balances	(4,975,409)	-	(2,773,307)	(520)	(7,749,236)
Fund balances, July 1	16,055,723		3,109,499	37,829	19,203,051
Fund balances, June 30	\$ 11,080,314	\$ -	\$ 336,192	\$ 37,309	\$ 11,453,815

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, 2016

<b>Total net change in fund balances - governmental funds (from B-2)</b>		<b>\$ (7,749,236)</b>
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeded depreciation expense in the period.		
Capital additions	\$ 9,022,650	
Depreciation expense	<u>(3,582,105)</u>	5,440,545
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.		
		255,512
Loss on disposition of assets		
		(46,347)
Governmental funds report the effect of refunding transactions when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the current year amortization related to the deferred interest costs.		
		(224,573)
Repayments of bond principal are expenditures in the governmental funds, but the payment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		1,800,000
Governmental funds report the effect of premiums on bonds when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
		408,653
Other Postemployment Benefit (OPEB) payable is reported in the statement of net position but does not require the use of current financial resources and therefore is not reported in the Governmental Funds.		
		31,239
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.		
		(2,559,835)
Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		2,176,069
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).		
		28,031
Certain expenses reported in the statement of activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:		
Pension expense		(1,704,906)
<b>Change in net position of governmental activities (A-2)</b>		<b><u><u>\$ (2,144,848)</u></u></b>

# Proprietary Fund

Parsippany-Troy Hills School District  
Proprietary Fund

Combining Statements of Net Position

June 30, 2016

	<b>Major Enterprise Funds</b>		
	<b>Food Service</b>	<b>Adult and Community Education</b>	<b>Total</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 217,956	\$ 1,710,330	\$ 1,928,286
Accounts receivable:			
State	3,724		3,724
Federal	93,083		93,083
Other	223		223
Inventories	19,546		19,546
Total current assets	<u>334,532</u>	<u>1,710,330</u>	<u>2,044,862</u>
Non-current assets:			
Capital assets:			
Equipment	1,015,878		1,015,878
Accumulated depreciation	(407,428)		(407,428)
Total capital assets, net	<u>608,450</u>		<u>608,450</u>
Total assets	<u>942,982</u>	<u>1,710,330</u>	<u>2,653,312</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	157,294	232,494	389,788
Unearned revenue	2,850	109,071	111,921
Total current liabilities	<u>160,144</u>	<u>341,565</u>	<u>501,709</u>
<b>Net position</b>			
Net investment in capital assets	608,450		608,450
Unrestricted	174,388	1,368,765	1,543,153
Total net position	<u>\$ 782,838</u>	<u>\$ 1,368,765</u>	<u>\$ 2,151,603</u>



Parsippany-Troy Hills School District  
Proprietary Fund

Combining Statements of Revenues, Expenses and  
Changes in Net Position

Year ended June 30, 2016

	<b>Major Enterprise Funds</b>		<b>Total</b>
	<b>Food Service</b>	<b>Adult and Community Education</b>	
Operating revenues:			
Local sources:			
Daily food sales-reimbursable programs	\$ 1,562,457		\$ 1,562,457
Special event income	185,812		185,812
Adult school income		\$ 2,609,041	2,609,041
Total operating revenues	<u>1,748,269</u>	<u>2,609,041</u>	<u>4,357,310</u>
Operating expenses:			
Cost of sales - reimbursable	975,074		975,074
Cost of sales - non-program	213,235		213,235
Salaries and wages	740,877	543,901	1,284,778
Employee benefits	193,699	39,456	233,155
Supplies, insurance & other costs	246,774	1,498,179	1,744,953
Depreciation expense	57,640		57,640
Management fee	96,833		96,833
Miscellaneous expense	5,664	21,988	27,652
Total operating expenses	<u>2,529,796</u>	<u>2,103,524</u>	<u>4,633,320</u>
Operating (loss) income	(781,527)	505,517	(276,010)
Nonoperating revenues:			
State sources:			
State school lunch program	20,825		20,825
Federal sources:			
National school lunch program	493,198		493,198
National school breakfast program	22,171		22,171
Food donation program	203,636		203,636
Total nonoperating revenues	<u>739,830</u>	<u>-</u>	<u>739,830</u>
Change in net position	(41,697)	505,517	463,820
Total net position-beginning	<u>824,535</u>	<u>863,248</u>	<u>1,687,783</u>
Total net position-ending	<u>\$ 782,838</u>	<u>\$ 1,368,765</u>	<u>\$ 2,151,603</u>

Parsippany-Troy Hills School District  
Proprietary Fund

Combining Statements of Cash Flows

Year ended June 30, 2016

	Major Enterprise Funds		Totals
	Food Service	Adult and Community Education	
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 1,765,535	\$ 2,541,696	\$ 4,307,231
Payments for salaries and wages	(740,877)	(543,901)	(1,284,778)
Payments for employee benefits	(193,699)	(39,456)	(233,155)
Payments to suppliers	(1,379,685)	(1,294,198)	(2,673,883)
Net cash (used for) provided by operating activities	(548,726)	664,141	115,415
<b>Cash flows from noncapital financing activities</b>			
State school lunch program	22,042		22,042
National school breakfast program	19,725		19,725
National school lunch program	505,450		505,450
Food donation program	192,925		192,925
Cash paid to other funds	(101,037)		(101,037)
Net cash provided by noncapital financing activities	639,105		639,105
<b>Cash flows from capital and related financing activities</b>			
Acquisition of capital assets	(97,291)		(97,291)
Net cash used for capital and related financing activities	(97,291)		(97,291)
Net (decrease) increase in cash and cash equivalents	(6,912)	664,141	657,229
Cash and cash equivalents, beginning of year	224,868	1,046,189	1,271,057
Cash and cash equivalents, end of year	\$ 217,956	\$ 1,710,330	\$ 1,928,286
<b>Reconciliation of operating (loss) income to net cash (used for) provided by operating activities</b>			
Operating (loss) income	\$ (781,527)	\$ 505,517	\$ (276,010)
Adjustments to reconcile operating (loss) income to net cash (used for) provided by operating activities:			
Depreciation	57,640		57,640
Change in assets and liabilities:			
Decrease in other accounts receivable	17,265		17,265
Decrease in inventory	8,357		8,357
Increase in accounts payable	149,539	225,969	375,508
(Decrease) in unearned revenue		(67,345)	(67,345)
Net cash used in operating activities	\$ (548,726)	\$ 664,141	\$ 115,415

**Noncash noncapital financing activities:**

The District received \$192,925 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2016.

# Fiduciary Funds

Parsippany-Troy Hills School District  
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2016

	Unemployment Compensation Trust Fund	Private Purpose Scholarship Trust Funds	Agency Fund
<b>Assets</b>			
Cash and cash equivalents	\$ 1,692,722	\$ 59,192	\$ 3,493,653
Total assets	1,692,722	59,192	\$ 3,493,653
<b>Liabilities</b>			
Accounts payable	5,572		
Due to student groups			\$ 403,164
Payroll deductions and withholdings payable			715,428
Summer escrow payable			2,375,061
Total liabilities	5,572		\$ 3,493,653
<b>Net position:</b>			
Held in trust for:			
Unemployment compensation claims	1,687,150		
Scholarships		59,192	
Total net position	\$ 1,687,150	\$ 59,192	

Parsippany-Troy Hills School District  
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2016

	<b>Unemployment Compensation Trust Fund</b>	<b>Private Purpose Scholarship Trust Funds</b>
Additions:		
Employee contributions	\$ 179,996	
Donations and interest		\$ 28,060
Total Additions	179,996	28,060
Deductions:		
Unemployment compensation claims	139,249	
Scholarships awarded		30,900
Total Deductions	139,249	30,900
Change in net position	40,747	(2,840)
Net position, beginning	1,646,403	62,032
Net position, ending	\$ 1,687,150	\$ 59,192

*See accompanying notes to the basic financial statements.*

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements

Year ended June 30, 2016

### **1. Summary of Significant Accounting Policies**

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

#### **A. Reporting Entity**

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

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

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

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

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

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 1. Summary of Significant Accounting Policies (continued)

#### A. Reporting Entity (continued)

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

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

#### B. Government-wide and Fund Financial Statements

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

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

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

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

The District has reported the following major governmental funds:

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

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

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



# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 1. Summary of Significant Accounting Policies (continued)

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

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

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

The District reports the following major proprietary funds:

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

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

Additionally, the District reports the following fund types:

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

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

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

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 1. Summary of Significant Accounting Policies (continued)

#### D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for review and approval and are approved by the Board of Education members. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referred in N.J.A.C. 6A:23. The over expenditure in the general fund is due to the inclusion of the non-budgeted on behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over expenditures. All budget amendments must be approved by School Board resolution. Budget amendments were made during the year ended June 30, 2016 and were not significant.

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

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

#### E. Cash, Cash Equivalents and Investments

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

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and Statement No. 72, *Fair Value Measurement and Application*. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**1. Summary of Significant Accounting Policies (continued)**

**F. Interfund Receivables/Payables**

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

**G. Inventories**

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2016, the unused USDA commodities of \$2,850 are reported as unearned revenue in the Enterprise Fund.

**H. Capital Assets**

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

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

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

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

See Note 4 for additional information regarding capital assets.

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 1. Summary of Significant Accounting Policies (continued)

#### I. Accrued Salaries and Wages

Certain District employees who provided services to the District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but not disbursed amounts be retained in a separate bank account. As of June 30, 2016, the amount earned by these employees but not disbursed was \$2,375,061 and is included in liabilities – summer escrow payable in the fiduciary fund.

#### J. Deferred Loss on Defeasance of Debt

The deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest and other charges on long-term debt. The amortization expense for the year ended June 30, 2016 amounted to \$224,573 and the remaining balance at June 30, 2016 is \$2,385,142.

#### K. Compensated Absences

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

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

In the government-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components- the amount due within one year and the amount due in more than one year. The liability for vested compensated absences of the District is recorded in the government-wide financial statements amounted to \$1,057,271 at June 30, 2016. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### **1. Summary of Significant Accounting Policies (continued)**

#### **L. Unearned Revenue**

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

#### **M. Long-Term Obligations**

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

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

#### **N. Net Position**

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

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 1. Summary of Significant Accounting Policies (continued)

#### O. Fund Balances

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

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

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

Of the \$11,080,314 of fund balances in the General Fund at June 30, 2016, \$1,590,271 has been restricted in the capital reserve account, \$263,208 has been restricted in the emergency reserve account, \$2,974,649 has been restricted for excess surplus-prior year, \$3,600,000 has been classified as assigned

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 1. Summary of Significant Accounting Policies (continued)

#### O. Fund Balances

fund balance designated for subsequent years expenditures, \$189,641 of encumbrances is assigned to other purposes, \$12,751 has been classified as assigned fund balance designated for subsequent years expenditures - SEMI and \$2,437,043 is unassigned.

The Capital Projects Fund has \$336,192 of fund balance at June 30, 2016 that has been restricted for capital projects.

The Debt Service Fund has \$37,309 of restricted fund balance at June 30, 2016.

#### P. Management Estimates

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

#### Q. Deferred Outflows/Inflows of Resources

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

#### R. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security and post-retirement medical pension contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased by \$17,136,704 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.



# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### **1. Summary of Significant Accounting Policies (continued)**

#### **S. Calculation of Excess Surplus**

The designation for restricted fund balance excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The District did not generate excess fund balance during the 2016 fiscal year. The District also has prior year excess fund balance in the amount of \$2,974,649 which was utilized in the 2016-17 fiscal year budget.

#### **T. GASB Pronouncements**

##### **GASB Pronouncements implemented in the 2016 Fiscal Year**

In February, 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"). The objective of this Statement is to provide guidance for applying fair value for certain assets and liabilities and disclosures related to all fair value measurements. The requirements of this Statement mandate the use of valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The District has adopted GASB No. 72 during the year ended June 30, 2016 and it did not have a significant impact on the District's financial statements.

##### **Recently Issued Accounting Pronouncements**

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

GASB Statement No. 77, *Tax Abatement Disclosures* ("GASB No. 77"). This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the District in the 2017 fiscal year. Management has not yet determined the impact of this Statement on financial statement note disclosures.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**1. Summary of Significant Accounting Policies (continued)**

**U. Subsequent Events**

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2016 and December 2, 2016, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statement, and other than as disclosed below, no items have come to the attention of the District that would require disclosure.

On July 13, 2016, the District entered into a \$440,000 capital equipment lease. The lease carries an interest rate of 1.76% and requires annual payments through July 1, 2020.

**2. Reconciliation of Government-Wide and Fund Financial Statements**

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, other post-employment benefits, capital leases and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds. The details of this \$58,913,510 difference are as follows:

Bonds payable	\$ 33,470,000
Premium on bonds	4,752,807
Other post-employment benefit payable	639,398
Capital leases payable	18,994,034
Compensated absences	<u>1,057,271</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 58,913,510</u>

**3. Deposits and Investments**

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection

Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 3. Deposits and Investments (continued)

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

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

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

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

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

At June 30, 2016, the carrying amount of the District's deposits was \$15,834,743 and the bank balance was \$18,199,555. Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2016 was secured by federal depository insurance. The New Jersey GUDPA covered the bank balance of \$14,553,733. \$3,395,822 of the bank balance of the District's agency accounts are not covered by GUDPA. In addition, the District has restricted cash held with fiscal agents in the amount of \$5,199 related to capital leases where the funds are currently held by the lessor.

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

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 3. Deposits and Investments (continued)

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.

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

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

The NJARM, which is an investment pool managed by Public Financial Management Company. NJARM allows governments within the state to pool their funds for investment purposes and the Security and Exchange Commission (SEC) does not restrict the pool. Earnings are allocated to all participants based upon shares held in the pool and distributed on the last day of each month. In addition, the fair value of the District's portion of the pool is the same as the value of its shares. Agencies that participate in the NJARM typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJARM on a daily basis without penalty. At June 30, 2016, the District's balance was \$325,019 with NJARM.

The NJCMF is an investment pool administered by the State of New Jersey, Department of the Treasury and issues separate reports that can be obtained directly from the Department of Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. The pooled shares are equal to the value of the District's shares. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returned that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At June 30, 2016 the District's balance with NJCMF was \$1,003,270.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**3. Deposits and Investments (continued)**

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

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

*Concentration of Credit Risk:* The District places no limit on the amount the District may invest in any one issuer. At June 30, 2016, all of the District's investments were invested in the NJARM and NJCMF.

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

All of the District's investments are classified as cash equivalents at June 30, 2016.

**4. Capital Assets**

The following is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2016:

	Beginning Balance	Additions	Dispositions / Transfers	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,956,475			\$ 3,956,475
Construction in progress	12,263,132	\$ 2,954,627	\$ (15,036,439)	181,320
Total capital assets, not being depreciated	16,219,607	2,954,627	(15,036,439)	4,137,795
Capital assets, being depreciated:				
Land improvements	2,762,766	3,000,844		5,763,610
Buildings and building improvements	72,920,620	2,400,733	15,036,439	90,357,792
Machinery, equipment and vehicles	10,396,996	666,446	(308,795)	10,754,647
Total capital assets being depreciated	86,080,382	6,068,023	14,727,644	106,876,049
Less accumulated depreciation for:				
Land improvements	(1,953,249)	(194,264)		(2,147,513)
Buildings and building improvements	(22,332,594)	(2,516,474)		(24,849,068)
Machinery, equipment and vehicles	(6,330,282)	(871,367)	262,448	(6,939,201)
Total accumulated depreciation	(30,616,125)	(3,582,105)	262,448	(33,935,782)
Total capital assets, being depreciated, net	55,464,257	2,485,918	(46,347)	72,940,267
Governmental activities capital assets, net	\$ 71,683,864	\$ 5,440,545	\$ (46,347)	\$ 77,078,062

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**4. Capital Assets – (continued)**

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

Instruction	\$ 2,132,436
Student activities	478,379
Instruction services	236,917
Central services	61,351
Plant operations and maintenance	422,523
Pupil transportation	250,499
Total depreciation expense – governmental activities	<u>\$ 3,582,105</u>

The following is a summarization of the business-type activities changes in capital assets for the fiscal year ended June 30, 2016:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>			
Capital assets, being depreciated:			
Equipment and vehicles	\$ 918,587	\$ 97,291	\$ 1,015,878
Less accumulated depreciation for:			
Equipment and vehicles	(349,788)	(57,640)	(407,428)
Total business-type activities capital assets, net	<u>\$ 568,799</u>	<u>\$ 39,651</u>	<u>\$ 608,450</u>

**5. Long-Term Liabilities**

During the fiscal year ended June 30, 2016, the following changes occurred in governmental activities long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences payable	\$ 1,085,302	\$ 396,527	\$ 424,558	\$ 1,057,271	\$ 557,975
Bonds payable	35,270,000		1,800,000	33,470,000	1,900,000
Other postemployment benefit payable	670,637	178,109	209,348	639,398	
Premium on bonds	5,161,460		408,653	4,752,807	408,653
Obligations under capital leases	18,799,210	2,370,893	2,176,069	18,994,034	3,991,864
Sub-total	60,986,609	2,945,529	5,018,628	58,913,510	6,858,492
Net pension liability	40,987,927	8,584,564		49,572,491	
Governmental activity long-term liabilities	<u>\$ 101,974,536</u>	<u>\$ 11,530,093</u>	<u>\$ 5,018,628</u>	<u>\$ 108,486,001</u>	<u>\$ 6,858,492</u>

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**5. Long-Term Liabilities (continued)**

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

**Bonds Payable**

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

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

On April 24, 2014, the District issued \$19,715,000 of school refunding bonds with interest rates ranging between 3.00% and 5.00%. The District issued the bonds to advance refund \$20,350,000 of the outstanding 2006 bonds. The outstanding principal of the defeased debt is \$20,350,000 at June 30, 2016 which is to be paid on August 15, 2016.

On February 26, 2015, the District issued \$12,025,000 of refunding school bonds with an interest rate of 5.00%. The District issued the bonds to advance refund \$13,733,000 of the outstanding 2006 bonds. The outstanding principal of the defeased debt is \$13,733,000 at June 30, 2016 which is to be paid on August 15, 2016.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending June 30:			
2017	\$1,900,000	\$1,536,775	\$3,436,775
2018	1,950,000	1,424,400	3,374,400
2019	2,025,000	1,354,650	3,379,650
2020	2,115,000	1,271,850	3,386,850
2021	2,205,000	1,185,450	3,390,450
2022-2026	11,250,000	4,404,550	15,654,550
2027-2031	10,335,000	1,713,125	12,048,125
2032-2036	1,690,000	42,250	1,732,250
	<u>\$33,470,000</u>	<u>\$12,933,050</u>	<u>\$46,403,050</u>

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**5. Long-Term Liabilities (continued)**

**Bonds Payable – (continued)**

Bonds payable at June 30, 2016 are comprised of the following issues:

\$47,633,000, 2006 school bonds are due in a final annual installment of \$1,900,000 in August 2016 at an interest rate of 4.375%.

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

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

**Bonds Authorized But Not Issued**

As of June 30, 2016, 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, improvements and various equipment and an Energy Savings Improvement Plan lease) with rates ranging from 0.00% to 2.75%. The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net future minimum lease payments at June 30, 2016:

	<u>Amount</u>
Fiscal year ending June 30:	
2017	\$ 4,393,250
2018	2,568,815
2019	1,943,264
2020	1,379,988
2021	769,164
2022-2026	4,115,392
2027-2031	4,585,678
2032-2034	<u>2,716,932</u>
Total minimum lease payment	22,472,483
Less amount representing interest	<u>(3,478,449)</u>
Present value of net future minimum lease payments	<u>\$ 18,994,034</u>

On October 6, 2011 the Board of Education entered into a capital equipment lease with the TD Equipment Finance for an amount not to exceed \$1,005,000. The lease was issued at a fixed interest rate of 2.75%. A final principal payment of \$206,531 is due on August 1, 2016.



# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 5. Long-Term Liabilities (continued)

#### Capital Leases Payable (continued)

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

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

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

On June 14, 2014 the Board of Education entered into a computer hardware lease with the Apple, Inc. for an amount not to exceed \$372,899. The lease was issued at a fixed interest rate of 1.134%. Principal payments range from \$92,693 to \$93,745 through June, 2017.

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

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

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

On July 1, 2015, the Board of Education entered into a capital equipment lease with TD Bank for an amount not to exceed \$1,000,000. The lease was issued at an interest rate of 1.50%. Principal payments range from \$220,309 to \$230,366 through August 2019.

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

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### **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  $1/55^{\text{th}}$  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.

#### **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

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 6. Pension Plans (continued)

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 State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in annually through July 2018 that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for 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 \$1,898,568, \$1,804,750, and \$1,968,936 for the fiscal years ended June 30, 2016, 2015 and 2014, respectively. During the year ended June 30, 2016, the State of New Jersey contributed \$9,826,665 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 \$4,236,382 during the year ended June 30, 2016 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, 2016 were \$191,917 and \$104,755, respectively. For the year ended June 30, 2015, the employee and employer contributions for the DCRP were \$65,144 and \$15,930, respectively. For the year ended June 30, 2014, the employee and employer contributions for the DCRP were \$28,811 and \$8,595, respectively.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**6. Pension Plans (continued)**

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

*Public Employee's Retirement System (PERS)*

At June 30, 2016, the District reported a liability of \$49,572,491 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2014, which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was 0.2208325889 percent, which was an increase of 0.0019119709 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized full accrual pension expense of \$3,603,474 in the government-wide financial statements. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 1,182,625	
Changes of assumptions	5,323,690	
Net difference between projected and actual earnings on pension plan investments		\$ 797,030
Changes in proportion and differences between District contributions and proportionate share of contributions	1,578,469	
District contributions subsequent to the measurement date	1,717,911	
	<u>\$ 9,802,695</u>	<u>\$ 797,030</u>

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

<b>Year ended June 30:</b>	
2017	\$ 1,385,692
2018	1,385,692
2019	1,385,695
2020	1,996,355
2021	1,134,320
	<u>\$ 7,287,754</u>

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 6. Pension Plans (continued)

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

##### **Additional Information**

###### *Actuarial Assumptions*

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.04%
Salary increases	
2012-2021	2.15 - 4.40% based on age
Thereafter	3.15 - 5.40% based on age
Investment rate of return	7.90%

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

###### *Mortality Rates*

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

###### *Long-Term Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expecting future real rates of return by the target asset

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**6. Pension Plans (continued)**

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

allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
	<u>100.00%</u>	

*Discount rate*

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**6. Pension Plans (continued)**

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

applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2016 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	<b>At 1% Decrease (3.90%)</b>	<b>At Current Discount Rate (4.90%)</b>	<b>At 1% Increase (5.90%)</b>
District's proportionate share of the net pension liability	\$ 61,612,541	\$ 49,572,491	\$ 39,478,200

*Pension Plan Fiduciary Net Position*

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

*Additional Information*

Collective balances of the Local Group at June 30, 2015 are as follows:

Collective deferred outflows of resources	\$ 3,578,755,666
Deferred inflows of resources	\$ 993,410,455
Net pension liability	\$ 22,447,996,119
District's Proportion	0.2208325889%

Collective pension expense for the Local Group for the measurement period ended June 30, 2015 is \$1,481,308,816.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2014 (the beginning of the measurement period ended June 30, 2015) is 5.72 years and 6.44 years for the measurement period ended June 30, 2014.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**6. Pension Plans (continued)**

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

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2015 was \$354,121,149. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2015, the State's proportionate share of the TPAF net pension liability associated with the District was 0.5602804165% percent, which was an increase of 0.0003744615% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$21,622,284 for contributions incurred by the State.



Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**6. Pension Plans (continued)**

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

*Actuarial assumptions*

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

Inflation rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

*Mortality Rates*

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

*Long-Term Expected Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**6. Pension Plans (continued)**

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

*Long-Term Expected Rate of Return (continued)*

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
	100.00%	

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**6. Pension Plans (continued)**

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

*Discount Rate*

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers' contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2016 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	<b>At 1% Decrease (3.13%)</b>	<b>At Current Discount Rate (4.13%)</b>	<b>At 1% Increase (5.13%)</b>
State's proportionate share of the net pension liability associated with the District	\$ 420,859,529	\$ 354,121,149	\$ 296,621,861

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

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 6. Pension Plans (continued)

#### Additional Information

Collective balances of the Local Group at June 30, 2015 are as follows:

Deferred outflows of resources	\$	7,522,890,856
Deferred inflows of resources	\$	623,365,110
Net pension liability	\$	63,204,270,305

State's proportionate share associated with the District	0.5602804165%
---	---------------

Collective pension expense of the Local Group for the plan for the measurement period ended June 30, 2015 is \$3,854,529,454.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2014 (the beginning of the measurement period ended June 30, 2015) is 8.3 years and 8.5 years for the measurement period ended June 30, 2014.

### 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, 2015, there were 107,314 retirees eligible for post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 7. Post-Retirement Benefits (continued)

#### Funding Policy (continued)

The State will set the contribution rate based on the *annual required contribution of the employers* (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2016, 2015 and 2014 were \$5,341,085, \$4,808,669 and \$3,883,666, respectively, which equaled the required contributions for each year. The State's contributions to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

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

#### Plan Description

The District provides postemployment medical benefits, including prescription drug coverage, and vision and dental care, in accordance with state statute to participating retirees and their beneficiaries. As of June 30, 2016, the valuation date, approximately 6 retirees and 2 decedents (of surviving spouses) meet the eligibility requirements put forth in P.L. 1992, c126. The District sponsors and participates in a single-employer defined benefit OPEB plan. The OPEB plan is administered by the District and does not issue a stand-alone financial statement.

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**7. Post-Retirement Benefits (continued)**

**Plan Description (continued)**

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

**Annual OPEB Cost and Net OPEB Obligation**

The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The District has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years. An updated valuation was prepared for the 2016 fiscal year. The following table presents the components of the District's annual OPEB cost for the last three years, the amount actually contributed to the Plan and changes in the District's net OPEB obligation to the Plan:

**Benefit Obligations and Normal Cost**

	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>
Actuarial accrued liability (AAL)	\$2,321,680	\$2,321,680	\$2,321,680
Unfunded actuarial accrued liability (UAAL)	\$2,321,680	\$2,321,680	\$2,321,680
Normal cost at beginning of year	\$201,742	\$240,559	\$205,848
Amortization factor based on 30 years	(\$11,346)	(\$50,136)	(\$15,452)
Annual covered payroll	\$0	\$0	\$0
UAAL as a percentage of covered payroll	0%	0%	0%

**Level Dollar Amortization**

Calculation of ARC under Entry Age Method

	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>
ARC normal cost with interest to end of year	\$201,742	\$240,559	\$205,848
Amortization of unfunded actuarial accrued liability (UAAL) over 30 years with interest at year end	(11,346)	(50,136)	(15,452)
Total ARC	190,396	190,396	190,396
Interest on net OPEB obligation	15,345	14,768	13,413
Adjustment to OPEB	(29,402)	(28,297)	(25,700)
Annual OPEB cost (expense)	176,339	176,867	178,109
Age adjusted contributions made	(205,172)	(244,649)	(209,348)
Net OPEB obligation - beginning of year	<u>767,252</u>	<u>738,419</u>	<u>670,637</u>
Net OPEB obligation - end of year	<u>\$ 738,419</u>	<u>\$670,637</u>	<u>\$639,398</u>

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**7. Post-Retirement Benefits (continued)**

**Funded Status and Funding Progress (continued)**

As of June 30, 2014, 2015 and 2016, the actuarial accrued liability for benefits was \$2,321,680 all of which was unfunded.

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

**Actuarial Valuations**

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

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the District and Plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2014, 2015 and 2016 actuarial valuations, the liabilities were computed using the entry age method and level dollar amortization over 30 years of which there were 27 years remaining in the prior year and 26 years remaining this year. The actuarial assumptions include a 2% discount rate and an initial healthcare cost trend rate of 9% leveling off to 5% with 1% annual increments for health care and pharmacy benefits and 4% and 3% for dental and vision leveling off to 3%.

**8. Interfund Receivables and Payables**

The total interfund accounts receivable and payable for the District at June 30, 2016 amounted to \$863,853 analyzed as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 863,853	
Special Revenue Fund		\$ 443,001
Capital Projects Fund		420,852
	<u>\$ 863,853</u>	<u>\$ 863,853</u>

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### **8. Interfund Receivables and Payables (continued)**

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

### **9. Economic Dependency**

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, 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, 2016 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.



Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**11. Risk Management (continued)**

**Property and Liability Insurance**

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

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

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

The June 30, 2016 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, 2015 (latest available) is as follows:

	<u>Pooled Insurance Program of New Jersey</u>
Total Assets	<u>\$ 21,712,514</u>
Net Position	<u>\$ 6,703,267</u>
Total Revenue	<u>\$ 7,287,919</u>
Total Expense	<u>\$ 6,088,877</u>
Change in Net Position	<u>\$ (75,658)</u>
Net Assets Distribution to Participating Members	<u>\$ 1,274,700</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, 2016

**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.

	<b>Beginning Balance</b>	<b>Interest Earned</b>	<b>Employee Contributions</b>	<b>Amount Paid</b>	<b>Ending Balance</b>
2015-2016	\$ 1,646,403		\$ 179,996	\$ 139,249	\$ 1,687,150
2014-2015	1,655,761		168,393	187,751	1,646,403
2013-2014	1,671,074	\$ 1,473	170,467	177,253	1,665,761

**12. Transfers**

The following presents a reconciliation of transfers during the 2016 fiscal year:

	<b>In</b>	<b>Out</b>
Debt Service Fund	\$ 552	
Capital Projects Fund		\$ 552
	<u>\$ 552</u>	<u>\$ 552</u>

The transfer from the capital projects fund to debt service fund represents 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.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**13. Deferred Compensation Plans (continued)**

The plan administrators are as follows:

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  
 ASP  
 Sun America Mutual Funds

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.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	\$	3,990,271
Withdrawals:		
2015-16 Budget		(2,400,000)
Ending balance, June 30, 2016	\$	<u>1,590,271</u>

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### **14. Capital Reserve Account (continued)**

The balance in the capital reserve at June 30, 2016 did not exceed the balance of the local support costs of uncompleted capital projects in the District's approved LRFP. The withdrawals from the capital reserve account are for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan. Of the \$1,590,271 balance at June 30, 2016, \$1,000,000 has been appropriated in the 2016-2017 budget.

### **15. Emergency Reserve Account**

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

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

The emergency reserve balance at June 30, 2016 was \$263,208.

### **16. Restricted Assets**

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

### **17. Commitments**

The District has contractual commitments at June 30, 2016 to various vendors, for which \$189,641 is recorded in the general fund as fund balance assigned to other purposes.

Required Supplementary Information  
Part II

Parsippany-Troy Hills School District

Required Supplementary Information

Schedule of Funding Progress

Post-Employment Healthcare Benefit Plan

Year ended June 30, 2016

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial* Accrued Liability (AAL) Level Dollar (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>Accrued Percentage of Covered Payroll (b-a)/c</b>
June 30, 2014	-	\$2,321,680	\$2,321,680	0%	\$0**	0%
June 30, 2015	-	\$2,321,680	\$2,321,680	0%	\$0**	0%
June 30, 2016	-	\$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 2014, 2015 and 2016, as it relates solely to retirees and the enrollment period has expired, the covered payroll is \$0.

Parsippany-Troy Hills School District

Required Supplementary Information

Schedule of Funding Progress

Post-Employment Healthcare Benefit Plan

Year ended June 30, 2016

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>
6/30/2014	\$ 176,339
6/30/2015	176,867
6/30/2016	178,109

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

Last Ten Fiscal Years

	Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
District's proportion of the net pension liability (asset) - Local Group	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.2208325889%	0.2189206180%	0.2208325889%
District's proportionate share of the net pension liability (asset)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 49,572,491	\$ 40,987,927	\$ 49,572,491
District's covered-employee payroll	N/A	\$ 12,289,265	\$ 13,319,940	\$ 13,859,127	\$ 14,478,807	\$ 13,957,421	\$ 13,947,204	\$ 14,449,840	\$ 14,655,575	\$ 12,967,062
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	343.07%	279.67%	382.30%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	N/A	N/A	N/A	N/A	N/A	N/A	N/A	47.93%	52.08%	47.93%
N/A - Information not available										



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

Last Ten Fiscal Years

	Year ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Contractually required contribution	\$ 680,730	\$ 939,701	\$ 1,014,329	\$ 1,216,633	\$ 1,591,808	\$ 1,723,171	\$ 1,599,257	\$ 1,576,627	\$ 1,804,750	\$ 1,717,911
Contributions in relation to the contractually required contribution	(680,730)	(939,701)	(1,014,329)	(1,216,633)	(1,591,808)	(1,723,171)	(1,599,257)	(1,576,627)	(1,804,750)	(1,717,911)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 12,289,265	\$ 13,319,940	\$ 13,859,127	\$ 14,478,807	\$ 13,957,421	\$ 13,947,204	\$ 14,449,640	\$ 14,655,575	\$ 14,655,575	\$ 12,967,062
Contributions as a percentage of covered-employee payroll	5.54%	7.05%	7.32%	8.40%	11.40%	12.35%	11.07%	10.76%	12.31%	13.25%

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

Last Ten Fiscal Years\*

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

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

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

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

See accompanying notes to required supplementary information.

Parsippany-Troy Hills School District

Notes to Required Supplementary Information  
Year Ended June 30, 2016

**1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015.

**2. TEACHERS PENSION AND ANNUITY FUND**

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

Required Supplementary Information  
Part III

Budgetary Comparison Schedules

Parsippany-Troy Hills School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
<b>Revenues</b>					
Local sources:					
Local tax levy	\$ 125,598,737		\$ 125,598,737	\$ 125,598,737	
Tuition from individuals	300,000		300,000	281,529	\$ (18,471)
Interest				2,438	2,438
Miscellaneous	200,000		200,000	260,941	60,941
<b>Total revenues - local sources</b>	<b>126,098,737</b>		<b>126,098,737</b>	<b>126,143,645</b>	<b>44,908</b>
State sources:					
Special education categorical aid	3,956,158		3,956,158	3,956,158	
Equalization aid	95,367		95,367	95,367	
Security aid	132,915		132,915	132,915	
Extraordinary aid	300,000		300,000	1,054,238	754,238
Transportation aid	295,061		295,061	295,061	
PARCC readiness aid	69,790		69,790	69,790	
Per pupil growth aid	69,790		69,790	69,790	
Additional adjustment aid	1		1	1	
Additional nonpublic transportation aid				57,361	57,361
Homeless tuition reimbursement				13,213	13,213
On-behalf TPAF noncontributory insurance (non-budgeted)				212,841	212,841
On-behalf TPAF post retirement benefit contributions (non-budgeted)				9,613,824	9,613,824
Reimbursed TPAF social security contributions (non-budgeted)				4,236,382	4,236,382
<b>Total - state sources</b>	<b>4,919,082</b>		<b>4,919,082</b>	<b>19,806,941</b>	<b>14,887,859</b>
Federal sources:					
Medicaid reimbursement	75,757		75,757	88,647	12,890
<b>Total - Federal sources</b>	<b>75,757</b>		<b>75,757</b>	<b>88,647</b>	<b>12,890</b>
<b>Total revenues</b>	<b>131,093,576</b>		<b>131,093,576</b>	<b>146,039,233</b>	<b>14,945,657</b>
<b>Expenditures</b>					
<b>Current Expenditures:</b>					
<b>Instruction - regular programs:</b>					
Salaries of teachers:					
Preschool	847,560	\$ 27,294	874,854	874,854	
Kindergarten	2,020,439	52,828	2,073,267	2,073,267	
Grades 1-5	11,439,481	767,103	12,206,584	12,199,096	7,488
Grades 6-8	10,254,867	(156,732)	10,098,135	10,098,132	3
Grades 9-12	11,786,630	273,269	12,059,899	12,051,199	8,700
<b>Home Instruction:</b>					
Salaries of teachers	203,500	(158,684)	44,816	44,816	
Purchased professional - educational services		119,700	119,700	92,320	27,380
<b>Undistributed Instruction:</b>					
Other salaries for instruction	88,226	149,195	237,421	237,244	177
Purchased technical services	46,530	218	46,748	33,981	12,767
Other purchased services	301,284	(16,587)	284,697	225,809	58,888
General supplies	1,551,799	(223,827)	1,327,972	1,199,296	128,676
Textbooks	696,594	14,344	710,938	613,807	97,131
Other objects	319,725	(5,302)	314,423	295,427	18,996
<b>Total instruction - regular programs</b>	<b>39,556,635</b>	<b>842,819</b>	<b>40,399,454</b>	<b>40,039,248</b>	<b>360,206</b>
<b>Special Education: Learning / Language Disabilities:</b>					
Salaries of teachers	1,159,728	266,987	1,426,715	1,426,714	1
Other salaries for instruction	634,385	(238,405)	395,980	395,980	
Purchased professional - educational services	1,000		1,000	460	540
Purchased technical services	12,000	2,550	14,550	14,549	1
Other purchased services	9,000	(5,000)	4,000	912	3,088
General supplies	46,520	(2,550)	43,970	42,652	1,318
<b>Total learning/language disabilities</b>	<b>1,862,633</b>	<b>23,582</b>	<b>1,886,215</b>	<b>1,881,267</b>	<b>4,948</b>
<b>Other purchased services</b>					
<b>Special Education Instruction - Auditory Impairments:</b>					
Salaries of teachers	91,016	(900)	90,116	90,115	1
General supplies	3,500		3,500		3,500
<b>Total auditory impairments</b>	<b>94,516</b>	<b>(900)</b>	<b>93,616</b>	<b>90,115</b>	<b>3,501</b>

Parsippany-Troy Hills School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
<b>Special Education - Behavioral Disabilities:</b>					
Salaries of teachers	\$ 169,357	\$ 9,954	\$ 179,311	\$ 179,311	
Other salaries for instruction	30,409	1,028	31,437	31,437	
General supplies	1,030		1,030	1,030	
Total behavioral disabilities	200,796	10,982	211,778	211,778	
<b>Special Education - Multiple Disabilities:</b>					
Salaries of teachers	987,464	24,709	1,012,173	1,011,491	\$ 682
Other salaries for instruction	60,818	(2,144)	58,674	58,674	
General supplies	8,550	300	8,850	7,361	1,489
Textbooks	2,800		2,800	1,350	1,450
Total multiple disabilities	1,059,632	22,865	1,082,497	1,078,876	3,621
<b>Resource Room/Center:</b>					
Salaries of teachers	5,493,294	(480,349)	5,012,945	5,011,715	1,230
General supplies	33,700	(3,869)	29,831	26,433	3,398
Total resource room/center	5,526,994	(484,218)	5,042,776	5,038,148	4,628
<b>Special Education - Autism:</b>					
Salaries of teachers	376,882	(21,956)	354,926	354,925	1
Other salaries for instruction	121,558	42,896	164,454	164,453	1
General supplies	2,860		2,860	2,554	306
Total autism	501,300	20,940	522,240	521,932	308
<b>Special Education - Preschool Disabilities - Part Time:</b>					
Salaries of teachers	24,000	(5,343)	18,657	18,657	
Other salaries of instruction	297,326	27,129	324,455	324,455	
General supplies	6,435		6,435	6,094	341
Total preschool disabilities - part time	327,761	21,786	349,547	349,206	341
<b>Total Special Education - Instruction</b>					
	9,573,632	(384,963)	9,188,669	9,171,322	17,347
<b>Basic Skills/Remedial Instruction:</b>					
Salaries of teachers	2,532,119	(272,725)	2,259,394	2,259,394	
Total basic skills/remedial instruction	2,532,119	(272,725)	2,259,394	2,259,394	
<b>Bilingual Education - Instruction:</b>					
Salaries of teachers	1,036,502	43,647	1,080,149	1,080,148	1
Other salaries of instruction		9,051	9,051	9,051	
Purchased professional - educational services	23,300		23,300	3,550	19,750
General supplies	55,386	(270)	55,116	2,684	52,432
Textbooks	14,185		14,185	2,105	12,080
Total bilingual education - instruction	1,129,373	52,428	1,181,801	1,097,538	84,263
<b>Vocational Programs - Local - Instruction:</b>					
Salaries of teachers	107,871	(60,614)	47,257	47,257	
Other purchased services	1,750		1,750		1,750
General supplies	19,500	(2,210)	17,290	8,320	8,970
Total vocational programs - local- instruction	129,121	(62,824)	66,297	55,577	10,720
<b>School-Sponsored Cocurricular Activities:</b>					
Salaries	427,452	94,875	522,327	454,243	68,084
Purchased services	10,240	603	10,843	4,026	6,817
Supplies and materials	32,603	(4,850)	27,753	14,799	12,954
Other objects	87,700	25,635	113,335	86,997	26,338
Total school-sponsored cocurricular activities	557,995	116,263	674,258	560,065	114,193

Parsippany-Troy Hills School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
<b>School-Sponsored Athletics - Instruction:</b>					
Salaries	\$ 1,158,809	\$ 100,209	\$ 1,259,018	\$ 1,259,018	
Purchased services	127,425	(34,337)	93,088	88,090	\$ 4,998
Supplies and materials	235,390	48,368	283,758	281,673	2,085
Other objects	77,360	19,130	96,490	85,549	10,941
Transfers to cover deficit (Agency funds)	70,000		70,000	67,383	2,617
Total school-sponsored athletics - instruction	1,668,984	133,370	1,802,354	1,781,713	20,641
Total Instruction	55,147,859	424,368	55,572,227	54,964,857	607,370
<b>Undistributed Instruction:</b>					
Tuition to other LEAs within the state-regular		7,802	7,802	7,801	1
Tuition to other LEAs within the state-special	171,763	61,033	232,796	232,796	
Tuition to county voc. school dist.-regular	1,773,532	(109,532)	1,664,000	1,654,316	9,684
Tuition to county voc. school dist.-special	20,456		20,456	12,750	7,706
Tuition to CSSD and regional day schools	531,072	(9,314)	521,758	520,688	1,070
Tuition to private school for the disabled - within state	5,921,277	405,680	6,326,957	6,211,682	115,275
Tuition - other	52,307		52,307	19,140	33,167
Total undistributed instruction	8,470,407	355,669	8,826,076	8,659,173	166,903
<b>Health Services:</b>					
Salaries	1,418,392	(95,645)	1,322,747	1,322,747	
Purchased professional and technical services	82,000		82,000	80,957	1,043
Other purchased services	5,000		5,000	1,276	3,724
Supplies and materials	47,669	(16,822)	30,847	15,370	15,477
Other objects	10,000	6,892	16,892	16,892	
Total health services	1,563,061	(105,575)	1,457,486	1,437,242	20,244
<b>Other Support Services-Speech, OT, PT &amp; Related Services:</b>					
Salaries	1,683,799	(44,293)	1,639,506	1,639,505	1
Purchased professional - educational services	1,295,000	88,436	1,383,436	1,240,869	142,567
Supplies and materials	3,600		3,600	2,721	879
Total other support services-speech, OT, PT & related services	2,982,399	44,143	3,026,542	2,883,095	143,447

Parsippany-Troy Hills School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
<b>Current expenditures (continued):</b>					
<b>Undistributed Expenditures (continued):</b>					
<b>Other support services - students - extra services:</b>					
Salaries	\$ 2,206,839	\$ 581,681	\$ 2,788,520	\$ 2,788,496	\$ 24
Total other support services - students - extra services	2,206,839	581,681	2,788,520	2,788,496	24
<b>Guidance:</b>					
Salaries of other professional staff	2,875,170	68,383	2,943,553	2,943,199	354
Salaries of secretarial and clerical assistants	335,381	(51,908)	283,473	283,473	
Purchased professional - educational services	10,700	3,000	13,700	13,686	14
Supplies and materials	8,221	(255)	7,966	4,679	3,287
Total guidance	3,229,472	19,220	3,248,692	3,245,037	3,655
<b>Child Study Teams:</b>					
Salaries of other professional staff	2,283,380	(161,920)	2,121,460	2,121,460	
Other purchased services	39,000		39,000	31,645	7,355
Miscellaneous purchased services	143,000	6,575	149,575	130,913	18,662
Supplies and materials	115,025	108,555	223,580	79,429	144,151
Other objects	2,500	(30)	2,470	870	1,600
Total child study teams	2,582,905	(46,820)	2,536,085	2,364,317	171,768
<b>Improvement of Instructional Services:</b>					
Salaries of supervisor of instruction	1,885,902	42,512	1,928,414	1,925,042	3,372
Sal of secr & clerical assist.	507,594	37,250	544,844	544,844	
Other purchased services	21,800		21,800	8,256	13,544
Supplies & materials	7,500	2,022	9,522	5,631	3,891
Other objects	58,500		58,500	45,922	12,578
Total improvement of instructional services	2,481,296	81,784	2,563,080	2,529,695	33,385
<b>Educational Media Services/School Library:</b>					
Salaries	1,549,397	(34,113)	1,515,284	1,515,284	
Purchased professional and technical services	80,093	27,039	107,132	100,261	6,871
Other purchased services	396,700	37,889	434,589	419,248	15,341
Supplies and materials	205,070	(10,200)	194,870	185,602	9,268
Other objects	24,250	(667)	23,583	22,618	965
Total educational media services/school library	2,255,510	19,948	2,275,458	2,243,013	32,445



Parsippany-Troy Hills School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
<b>Instructional Staff Training Services:</b>					
Salaries of supervisors of instruction	\$ 108,024	\$ (108,024)			
Salaries of other professional staff	95,000	(6,174)	\$ 88,826	\$ 88,826	
Salaries of secretarial and clerical assist.	35,231	(35,231)			
Other purchased services	5,500		5,500	3,552	\$ 1,948
Supplies and materials	11,000	2,055	13,055	12,218	837
Other objects	111,660	(43,960)	67,700	50,488	17,212
<b>Total instructional staff training services</b>	<b>366,415</b>	<b>(191,334)</b>	<b>175,081</b>	<b>155,084</b>	<b>19,997</b>
<b>Support Services-General Administration:</b>					
Salaries	371,838	33,492	405,330	405,330	
Legal Services	225,000		225,000	131,261	93,739
Audit Fees	77,000		77,000	77,000	
Other purchased professional services		6,000	6,000	5,312	688
Communications / telephone	458,000	(163,138)	294,862	268,392	26,470
BOE other purchased services	17,300	618	17,918	9,143	8,775
Other purchased services	10,000	(7,355)	2,645		2,645
General supplies	6,000	(1,296)	4,704	1,560	3,144
BOE in-house training/meeting supplies	11,316	29,557	40,873	40,724	149
Judgments against the school district	159,114	(24,379)	134,735	116,938	17,797
Miscellaneous expenditures	19,000	(8,550)	10,450	9,322	1,128
BOE membership and dues	28,341	(1,678)	26,663	26,663	
<b>Total support services-general administration</b>	<b>1,382,909</b>	<b>(136,729)</b>	<b>1,246,180</b>	<b>1,091,645</b>	<b>154,535</b>
<b>Support Services-School Administration:</b>					
Salaries of principals/ assistant principals	2,886,160	(109,282)	2,776,878	2,776,878	
Salaries of other professional staff	64,688	(1,000)	63,688	63,688	
Salaries of secretarial and clerical assistants	1,367,967	74,307	1,442,274	1,442,274	
Purchased professional and technical services		17,500	17,500	8,600	8,900
Other purchased services	68,550	(12,295)	56,255	20,703	35,552
Supplies and materials	56,569	53,661	110,230	98,384	11,846
<b>Total support services-school administration</b>	<b>4,443,934</b>	<b>22,891</b>	<b>4,466,825</b>	<b>4,410,527</b>	<b>56,298</b>
<b>Support Services - Central Services:</b>					
Salaries	1,390,506	(15,696)	1,374,810	1,374,810	
Purchased professional services	34,500	15,739	50,239	32,112	18,127
Purchased technical services	56,000	59,312	115,312	115,312	
Miscellaneous purchased services	46,000	(30,093)	15,907	13,905	2,002
Supplies and materials	50,100	(21,592)	28,508	25,090	3,418
Interest on lease purchase agreements	61,353	249	61,602	61,602	
Miscellaneous expenditures	13,550	(5,100)	8,450	8,242	208
<b>Total support services-central services</b>	<b>1,652,009</b>	<b>2,819</b>	<b>1,654,828</b>	<b>1,631,073</b>	<b>23,755</b>
<b>Support Services - Administration Information Technology:</b>					
Salaries	1,156,766	(62,543)	1,094,223	1,094,223	
Purchased professional services	259,889	(15,916)	243,973	241,587	2,386
Purchased technical services	26,523	(350)	26,173	17,625	8,548
Other purchased services	326,200	(1,649)	324,551	315,904	8,647
Supplies and materials	32,700	(26,183)	6,517	6,517	
Other objects	12,780		12,780	2,872	9,908
<b>Total support services-administration information technology</b>	<b>1,814,858</b>	<b>(106,641)</b>	<b>1,708,217</b>	<b>1,678,728</b>	<b>29,489</b>
<b>Required Maintenance for School Facilities:</b>					
Salaries	1,416,335	(50,625)	1,365,710	1,365,710	
Cleaning, repair and maintenance services	615,259	162,448	777,707	777,707	
General supplies	472,000	25,298	497,298	490,916	6,382
Other objects	27,000	56,142	83,142	83,142	
<b>Total required maintenance for school facilities</b>	<b>2,530,594</b>	<b>193,263</b>	<b>2,723,857</b>	<b>2,717,475</b>	<b>6,382</b>

Parsippany-Troy Hills School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
<b>Custodial Services:</b>					
Salaries	\$ 3,646,126	\$ 99,413	\$ 3,745,539	\$ 3,705,501	\$ 40,038
Salaries of non-instructional aides	851,708	(33,738)	817,970	817,970	
Purchased professional and technical services	20,000	(10,810)	9,190	9,190	
Cleaning, repair and maintenance services	19,000	(14,193)	4,807	4,807	
Other purchased property services	300,000	(78,629)	221,371	217,597	3,774
Insurance	753,000	(42,649)	710,351	688,381	21,970
General supplies	250,000	52,092	302,092	279,592	22,500
Energy (electricity, oil and gas)	2,675,000	(687,323)	1,987,677	1,621,087	366,590
Interest - energy savings improvement program		584,867	584,867	584,867	
Principal - energy savings improvement program		237,000	237,000	237,000	
Total custodial services	8,514,834	106,030	8,620,864	8,165,992	454,872
<b>Security:</b>					
Salaries	587,678	(377,628)	210,050	210,050	
Purchased professional and technical services	100,000	39,672	139,672	139,671	1
Total security	687,678	(337,956)	349,722	349,721	1
Total operation of plant	11,733,106	(38,663)	11,694,443	11,233,188	461,255
<b>Total Undist. Expend</b>	47,165,120	502,393	47,667,513	46,350,313	1,317,200
<b>Student Transportation Services:</b>					
Salaries of non-instructional aides	192,606	88,611	281,217	281,217	
Salaries for pupil transportation:					
Between home and school - regular	144,007	77,076	221,083	221,083	
Between home and school - special	718,372	107,411	825,783	825,783	
Other purchased professional and technical services	9,900	(7,753)	2,147	2,147	
Cleaning repair and maintenance services	200,000	11,906	211,906	207,963	3,943
Contr serv (bet. Home & Sch) - vendors	2,411,401	(55,223)	2,356,178	2,356,178	
Contr serv (oth than bet. Home & Sch) - vendors	164,146	174,418	338,564	256,457	82,107
Contr serv (bet. Home & Sch) - joint agrmnts	263,000	(2,913)	260,087	141,416	118,671
Contract. Serv. (reg. students) - ESCs & CTSAs	13,794	(7,332)	6,462	6,462	
Contract. Serv. (spl. Ed. Students) - ECSs & CTSAs	2,076,460	(1,289)	2,075,171	2,003,556	71,615
Contract. Serv. - aid in lieu pymts -non pub sch	372,166	(38,387)	333,779	332,275	1,504
Miscellaneous purchased services-transportation	40,000	(27,064)	12,936	12,936	
General supplies	15,218	(6,435)	8,783	8,783	
Other objects	8,900	(5,131)	3,769	3,565	204
Total student transportation services	6,629,970	307,895	6,937,865	6,659,821	278,044

Parsippany-Troy Hills School District  
General Fund

Budgetary Analytics Comparison Schedule

(Budgetary Basis)

Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
<b>Unallocated Benefits - Employee Benefits:</b>					
Social security contributions	\$ 1,754,400	\$ 10,616	\$ 1,765,016	\$ 1,765,016	
Other retirement contributions - PERS	1,950,000	(51,432)	1,898,568	1,898,568	
Other retirement contributions - regular	70,000	70,323	140,323	140,323	
Workers' compensation	525,831	(98,270)	427,561	427,561	
Health benefits	16,615,822	(1,248,568)	15,367,254	15,347,374	\$ 19,880
Tuition reimbursement	222,000		222,000	165,034	56,966
Other employee benefits	1,085,850	(116,821)	969,029	874,290	94,739
Total unallocated benefits	22,223,903	(1,434,152)	20,789,751	20,618,166	171,585
<b>On-Behalf Contributions</b>					
On-behalf TPAF Noncontributory Insurance (non-budgeted)				212,841	(212,841)
On-behalf TPAF Post Retirement Benefit Contributions (non-budgeted)				9,613,824	(9,613,824)
Reimbursed TPAF social security contributions (non-budgeted)				4,236,382	(4,236,382)
Total on-behalf contributions				14,063,047	(14,063,047)
<b>Total Personal Services - Employee Benefits</b>	<b>22,223,903</b>	<b>(1,434,152)</b>	<b>20,789,751</b>	<b>34,681,213</b>	<b>(13,891,462)</b>
<b>Equipment:</b>					
Kindergarten	20,000	(20,000)			
Grades 1-5	20,000	(20,000)			
Grades 6-8	20,000	(20,000)			
Grades 9-12	20,000	(12,255)	7,745	7,745	
Undistributed expenditures - admin info tech		245,479	245,479	245,479	
Undistributed expenditures - required maint for school facilities		166,157	166,157	155,992	10,165
Total equipment	80,000	339,381	419,381	409,216	10,165
<b>Facilities Acquisition and Construction Services:</b>					
Other purchased professional and technical services	250,000		250,000	214,917	35,083
Construction services	5,498,500	152,038	5,650,538	5,408,306	242,232
Non-budgeted - capital leases				1,000,000	(1,000,000)
Lease purchase agreements - principal	1,496,597	442,472	1,939,069	1,939,069	
Other objects - debt service assessment	46,633		46,633	46,633	
Total facilities and construction services	7,291,730	594,510	7,886,240	8,608,925	(722,685)
<b>Total Expenditures - Capital Outlay</b>	<b>7,371,730</b>	<b>933,891</b>	<b>8,305,621</b>	<b>9,018,141</b>	<b>(712,520)</b>
<b>Other Leases:</b>					
Non-budgeted Apple lease expenditures				1,370,893	(1,370,893)
<b>Total Other Leases</b>				<b>1,370,893</b>	<b>(1,370,893)</b>

Parsippany-Troy Hills School District  
General Fund

Budgetary Analytics Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Transfer of funds to charter schools	\$ 367,102	\$ (13,000)	\$ 354,102	\$ 338,426	\$ 15,676
<b>Total Expenditures</b>	<b>138,905,684</b>	<b>721,395</b>	<b>139,627,079</b>	<b>153,383,664</b>	<b>(13,385,692)</b>
(Deficiency) excess of revenues (under) over expenditures	(7,812,108)	(721,395)	(8,533,503)	(7,344,431)	1,189,072
Other financing sources:					
Assets acquired under capital lease (non-budgeted)				1,000,000	1,000,000
Other capital leases (non-budgeted)				1,370,893	1,370,893
<b>Total other financing sources</b>				<b>2,370,893</b>	<b>2,370,893</b>
(Deficiency) excess of revenues (under) over expenditures and other financing sources	(7,812,108)	(721,395)	(8,533,503)	(4,973,538)	3,559,965
Fund balances, July 1	16,507,301		16,507,301	16,507,301	
Fund balances, June 30	<u>\$ 8,695,193</u>	<u>\$ (721,395)</u>	<u>\$ 7,973,798</u>	<u>\$ 11,533,763</u>	<u>\$ 3,559,965</u>
<b>Recapitulation of (deficiency) excess of revenues (under) over expenditures</b>					
Budgeted fund balance	\$ (5,412,108)		\$ (5,412,108)	\$ (1,852,143)	\$ 3,559,965
Net (decrease) in capital reserve	(2,400,000)		(2,400,000)	(2,400,000)	
Adjustment for prior year encumbrances		\$ (721,395)	(721,395)	(721,395)	
<b>Total</b>	<u>\$ (7,812,108)</u>	<u>\$ (721,395)</u>	<u>\$ (8,533,503)</u>	<u>\$ (4,973,538)</u>	<u>\$ 3,559,965</u>
<b>Recapitulation of fund balance:</b>					
Capital reserve account - restricted				\$ 590,271	
Emergency reserve account - restricted				263,208	
Capital Reserve Designated for subsequent years- restricted				1,000,000	
Excess surplus designated for subsequent years - restricted				2,974,649	
Designated for subsequent year's expenditures - assigned				3,600,000	
Designated for subsequent year's expenditures - SEMI - assigned				12,751	
Year end encumbrances - assigned				189,641	
Unassigned				2,903,243	
				<u>11,533,763</u>	
Reconciliation to Governmental Funds statements (GAAP):					
Last state aid payments not recognized on GAAP basis				(453,449)	
Fund balance per Governmental Funds (GAAP)				<u>\$ 11,080,314</u>	

Parsippany-Troy Hills School District  
Special Revenue Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2016

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
<b>Revenues</b>					
State sources	\$ 199,249	\$ 12,017	\$ 211,266	\$ 174,051	\$ (37,215)
Federal sources	2,789,932	314,843	3,104,775	2,581,221	(523,554)
Local sources		29,414	29,414	24,562	(4,852)
Total revenues	<u>2,989,181</u>	<u>356,274</u>	<u>3,345,455</u>	<u>2,779,834</u>	<u>(565,621)</u>
<b>Expenditures:</b>					
Instruction:					
Salaries of teachers	634,951	18,934	653,885	589,525	64,360
Purchased professional & technical services	37,738	49,052	86,790	72,337	14,453
Other purchased services	48,711	(47,911)	800	800	
Tuition	994,954		994,954	986,119	8,835
General supplies	139,262	(32,972)	106,290	53,003	53,287
Textbooks	29,350		29,350	26,139	3,211
Other objects	7,000	(7,000)			
Total instruction	<u>1,891,966</u>	<u>(19,897)</u>	<u>1,872,069</u>	<u>1,727,923</u>	<u>144,146</u>
Undistributed:					
Support services:					
Salaries of supervisors of instruction	376,425	(146,425)	230,000	210,815	19,185
Personal services—employee benefits	236,795	(4,373)	232,422	176,188	56,234
Purchased professional educational services	149,625	336,500	486,125	425,577	60,548
Other purchased services	291,057	(131,522)	159,535	156,686	2,849
Supplies and materials	43,313	71,991	115,304	82,645	32,659
Total support services	<u>1,097,215</u>	<u>126,171</u>	<u>1,223,386</u>	<u>1,051,911</u>	<u>171,475</u>
Capital outlay:					
Facilities acquisition and construction services:					
Noninstructional equipment		250,000	250,000		250,000
Total capital outlay	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total expenditures	<u>2,989,181</u>	<u>356,274</u>	<u>3,345,455</u>	<u>2,779,834</u>	<u>565,621</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Parsippany-Troy Hills School District  
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2016

	General Fund	Special Revenue Fund
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 146,039,233	\$ 2,779,834
Differences - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior year, net of cancellations		11,420
Current year		(2,427)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	451,578	
Current year	(453,449)	
<hr/>		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u>\$ 146,037,362</u>	<u>\$ 2,788,827</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 153,383,664	\$ 2,779,834
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior year, net of cancellations		11,420
Current year		(2,427)
<hr/>		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 153,383,664</u>	<u>\$ 2,788,827</u>

## Supplementary Information

# Special Revenue Fund



Parsippany-Troy Hills School District  
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures  
Budgetary Basis

Year ended June 30, 2016

	Nonpublic Aid				
	Local Grants	Corrective Speech	Examination & Classification	Supplementary Instruction	Auxiliary Services Compensatory Education
<b>Revenues:</b>					
State sources		\$ 7,525	\$ 23,865	\$ 18,044	\$ 39,594
Federal sources					
Local sources	\$ 24,562				
<b>Total revenues</b>	<b>\$ 24,562</b>	<b>\$ 7,525</b>	<b>\$ 23,865</b>	<b>\$ 18,044</b>	<b>\$ 39,594</b>
<b>Expenditures:</b>					
<b>Instruction:</b>					
Salaries of teachers		\$ 7,525	\$ 7,174	\$ 18,044	\$ 39,594
Purchased professional & technical services					
Other purchased services	\$ 800				
Tuition					
General supplies	23,762				
Textbooks					
<b>Total instruction</b>	<b>24,562</b>	<b>7,525</b>	<b>7,174</b>	<b>18,044</b>	<b>39,594</b>
<b>Support services:</b>					
Salaries of other professional staff					
Personal services—employee benefits					
Purchased professional educational services			16,691		
Other purchased services					
Supplies and materials					
<b>Total support services</b>			<b>16,691</b>		
<b>Total expenditures</b>	<b>\$ 24,562</b>	<b>\$ 7,525</b>	<b>\$ 23,865</b>	<b>\$ 18,044</b>	<b>\$ 39,594</b>

Parsippany-Troy Hills School District  
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures  
Budgetary Basis

Year ended June 30, 2016

	Nonpublic Aid				Title I, Part A
	Security Aid	Nursing Aid	Technology Aid	Textbook Aid	Current
<b>Revenues:</b>					
State sources	\$ 12,850	\$ 32,670	\$ 13,364	\$ 26,139	\$ 434,746
Federal sources					
Local sources					
<b>Total revenues</b>	<b>\$ 12,850</b>	<b>\$ 32,670</b>	<b>\$ 13,364</b>	<b>\$ 26,139</b>	<b>\$ 434,746</b>
<b>Expenditures:</b>					
<b>Instruction:</b>					
Salaries of teachers					\$ 310,010
Purchased professional & technical services					
Other purchased services					4,519
Tuition					
General supplies			\$ 13,364		
Textbooks				\$ 26,139	
<b>Total instruction</b>			<b>13,364</b>	<b>26,139</b>	<b>314,529</b>
<b>Support services:</b>					
Salaries of other professional staff					120,217
Personal services—employee benefits					
Purchased professional educational services	\$ 12,850	\$ 32,670			
Other purchased services					
Supplies and materials					
<b>Total support services</b>	<b>12,850</b>	<b>32,670</b>			<b>120,217</b>
<b>Total expenditures</b>	<b>\$ 12,850</b>	<b>\$ 32,670</b>	<b>\$ 13,364</b>	<b>\$ 26,139</b>	<b>\$ 434,746</b>

Parsippany-Troy Hills School District  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures  
Budgetary Basis

Year ended June 30, 2016

	Title II, Part A		Title III		I.D.E.A.			Total
	Current	Current	Immigrant	Part B Basic Current	Preschool	FEMA		
<b>Revenues:</b>								
State sources							\$	174,051
Federal sources	\$ 65,699	\$ 160,438	\$ 67,199	\$ 1,734,405	\$ 57,574	\$ 61,160		2,581,221
Local sources								24,562
<b>Total revenues</b>	<b>\$ 65,699</b>	<b>\$ 160,438</b>	<b>\$ 67,199</b>	<b>\$ 1,734,405</b>	<b>\$ 57,574</b>	<b>\$ 61,160</b>	<b>\$</b>	<b>2,779,834</b>
<b>Expenditures:</b>								
<b>Instruction:</b>								
Salaries of teachers		\$ 103,363	\$ 62,285	\$ 113,867				\$ 589,525
Purchased professional & technical services								72,337
Other purchased services								800
Tuition				924,026	\$ 57,574			986,119
General supplies		15,877						53,003
Textbooks								26,139
<b>Total instruction</b>		<b>119,240</b>	<b>62,285</b>	<b>1,037,893</b>	<b>57,574</b>			<b>1,727,923</b>
<b>Support services:</b>								
Salaries of other professional staff				210,815				210,815
Personal services—employee benefits		37,507	2,318	16,146				176,188
Purchased professional educational services				363,366				425,577
Other purchased services	\$ 65,699	3,691	2,171	85,125				156,686
Supplies and materials			425	21,060		\$ 61,160		82,645
<b>Total support services</b>	<b>65,699</b>	<b>41,198</b>	<b>4,914</b>	<b>696,512</b>		<b>61,160</b>		<b>1,051,911</b>
<b>Total expenditures</b>	<b>\$ 65,699</b>	<b>\$ 160,438</b>	<b>\$ 67,199</b>	<b>\$ 1,734,405</b>	<b>\$ 57,574</b>	<b>\$ 61,160</b>	<b>\$</b>	<b>2,779,834</b>

# 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, 2016

	<b>Current Year</b>
<b>Revenues and other financing sources</b>	
Bond proceeds	
State sources - SDA	
Proceeds from capital lease	
Transfer from capital reserve	
Transfer from capital outlay	
Interest earned	\$ 552
Total revenues and other financing sources	552
<b>Expenditures and other financing uses</b>	
Purchased professional and technical services	
Construction services	2,773,307
Contingency	
Other Objects	
Transfer to Debt Service Fund	552
Transfer to Capital Reserve	
Total expenditures and other financing uses	2,773,859
Deficiency of revenues (under) expenditures	(2,773,307)
Fund Balance, July 1	3,227,034
Fund Balance, June 30	\$ 453,727
 <b>Reconciliation to Fund Financial Statements:</b>	
Fund balance, June 30, 2016 - budgetary- basis	\$ 453,727
GAAP Basis Revenues not recognized	(117,535)
Fund balance, June 30, 2016 - GAAP Basis	\$ 336,192

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, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
Bond proceeds	\$ 47,633,000		\$ 47,633,000	\$ 47,633,000
State sources - SDA				
Proceeds from capital lease				
Transfer from capital reserve				
Transfer from capital outlay				
Total revenues and other financing sources	<u>47,633,000</u>		<u>47,633,000</u>	<u>47,633,000</u>
<b>Expenditures and other financing uses</b>				
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	1,875,000		1,875,000	825,000
Total expenditures and other financing uses	<u>47,629,334</u>	<u>-</u>	<u>47,629,334</u>	<u>47,633,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,666</u>	<u>\$ -</u>	<u>\$ 3,666</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	9/2005			
Bond Authorized	\$ 47,633,000			
Bonds Issued	47,633,000			
Original Authorized Cost	<u>47,633,000</u>			
Revised Authorized Cost	<u>\$ 47,633,000</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	9/2007			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District  
Capital Projects Fund

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

Knollwood Elementary School Boiler Replacement

From Inception and for the year ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
Bond proceeds				
State sources - SDA	\$ 150,289		\$ 150,289	\$ 150,289
Proceeds from capital lease				
Transfer from capital reserve	239,085		239,085	239,085
Transfer from capital outlay				
Total revenues and other financing sources	<u>389,374</u>		<u>389,374</u>	<u>389,374</u>
<b>Purchased professional and technical services</b>				
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>
<b>Additional Project Information:</b>				
Project Number	3950-100-10-1002			
Grant Date	9/8/2010			
Bond Authorization	N/A			
Original Authorized Cost	\$ 398,475			
Reduced Authorization - SDA Grant	(9,101)			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 389,374</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/2011			
Revised Target Completion Date	Completed			

Parsippany-Troy Hills School District  
Capital Projects Fund

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

Mt. Tabor Elementary School Window and Door Replacement

From Inception and for the year ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
Bond proceeds				
State sources - SDA	\$ 243,751		\$ 243,751	\$ 243,751
Proceeds from capital lease				
Transfer from capital reserve	396,174		396,174	396,174
Transfer from capital outlay				
Total revenues and other financing sources	<u>639,925</u>		<u>639,925</u>	<u>639,925</u>
<b>Purchased professional and technical services</b>				
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>
<b>Additional Project Information:</b>				
Project Number	3950-100-10-1001			
Grant Date	9/28/2010			
Bond Authorization	N/A			
Original Authorized Cost	\$ 660,290			
Reduced Authorization - SDA Grant	(20,365)			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 639,925</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	100%			
Original Target Completion Date	12/2011			
Revised Target Completion Date	Completed			



Parsippany-Troy Hills School District  
Capital Projects Fund

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

Parsippany High School Partial Roof Replacement

From Inception and for the year ended June 30, 2016

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

Parsippany-Troy Hills School District  
Capital Projects Fund

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

Parsippany High School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2016

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

Parsippany-Troy Hills School District  
Capital Projects Fund

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

Parsippany Hills High School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2016

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

Parsippany-Troy Hills School District  
Capital Projects Fund

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

Brooklawn Middle School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2016

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

Parsippany-Troy Hills School District  
Capital Projects Fund

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

Central Middle School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2016

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

Parsippany-Troy Hills School District  
Capital Projects Fund

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

East Lake Elementary School Fire Alarm System Upgrades, Roof Replacement

From Inception and for the year ended June 30, 2016

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

Parsippany-Troy Hills School District  
Capital Projects Fund

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

Knollwood Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2016

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

Parsippany-Troy Hills School District  
Capital Projects Fund

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

Lake Parsippany Elementary School Partial Roof Replacement

From Inception and for the year ended June 30, 2016

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



Parsippany-Troy Hills School District  
Capital Projects Fund

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

Lake Parsippany Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2016

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

Parsippany-Troy Hills School District  
Capital Projects Fund

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

Littleton Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2016

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

Parsippany-Troy Hills School District  
Capital Projects Fund

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

Mount Tabor Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2016

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

Parsippany-Troy Hills School District  
Capital Projects Fund

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

Rockaway Meadow Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2016

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

Parsippany-Troy Hills School District  
Capital Projects Fund

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

Troy Hills Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2016

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

Parsippany-Troy Hills School District  
Capital Projects Fund

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

Intervale Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2016

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

Parsippany-Troy Hills School District  
Capital Projects Fund

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

Northvail Elementary School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2016

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

Parsippany-Troy Hills School District  
Capital Projects Fund

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

Lake Hiawatha Special Education School Fire Alarm System Upgrades

From Inception and for the year ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
Bond proceeds				
State sources - SDA	\$ 22,720		\$ 22,720	\$ 22,720
Proceeds from capital lease				
Transfer from capital reserve	34,080		34,080	34,080
Transfer from capital outlay				
Total revenues and other financing sources	<u>56,800</u>		<u>56,800</u>	<u>56,800</u>
<b>Purchased professional and technical services</b>				
Purchased professional and technical services				
Construction services	49,151		49,151	56,800
Contingency				
Other Objects				
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>49,151</u>	<u>-</u>	<u>49,151</u>	<u>56,800</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 7,649</u>	<u>\$ -</u>	<u>\$ 7,649</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	3950-070-14-G2ZS			
Grant Date	8/29/2014			
Bond Authorization	N/A			
Original Authorized Cost	\$ 56,800			
Reduced Authorization - SDA Grant	-			
Reduced Authorization - Capital Reserve	-			
Revised Authorized Cost	<u>\$ 56,800</u>			
Percentage Increase over Original Authorized	0%			
Percentage Completion	87%			
Original Target Completion Date	12/15/2014			
Revised Target Completion Date	Completed			



Parsippany-Troy Hills School District  
Capital Projects Fund

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

Energy Savings Improvement Plan

From Inception and for the year ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
Bond proceeds				
State sources - SDA				
Proceeds from capital lease	\$ 14,200,000		\$ 14,200,000	\$ 14,200,000
Transfer from capital reserve				
Transfer from capital outlay				
Total revenues and other financing sources	<u>14,200,000</u>		<u>14,200,000</u>	<u>14,200,000</u>
<b>Purchased professional and technical services</b>				
Purchased professional and technical services	59,667		59,667	59,667
Construction services	11,312,026	\$ 2,773,307	14,085,333	14,085,333
Contingency				
Other Objects	55,000		55,000	55,000
Transfer to Debt Service Fund				
Total expenditures and other financing uses	<u>11,426,693</u>	<u>2,773,307</u>	<u>14,200,000</u>	<u>14,200,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,773,307</u>	<u>\$ (2,773,307)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number		N/A		
Grant Date		N/A		
Bond Authorization		N/A		
Original Authorized Capital Lease Cost	\$ 14,200,000			
Capital Lease Proceeds	14,200,000			
Reduced Authorization	-			
Revised Authorized Cost	<u>\$ 14,200,000</u>			
Percentage Increase over Original Authorized Cost		0%		
Percentage Completion		100%		
Original Target Completion Date		6/30/2015		
Revised Target Completion Date		Completed		

Parsippany-Troy Hills School District  
Capital Projects Fund

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

Parsippany- Troy Hills High School Building Upgrades

From Inception and for the year ended June 30, 2016

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

# Fiduciary Funds

Parsippany-Troy Hills School District  
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

June 30, 2016

	<u>Agency</u>			<u>Trust</u>		
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency</u>	<u>Unemployment Compensation</u>	<u>Private Purpose Scholarship</u>	<u>Total Trust</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 403,164	\$ 3,090,489	\$ 3,493,653	\$ 1,692,722	\$ 59,192	\$ 1,751,914
Total assets	<u>\$ 403,164</u>	<u>\$ 3,090,489</u>	<u>\$ 3,493,653</u>	<u>1,692,722</u>	<u>59,192</u>	<u>1,751,914</u>
<b>Liabilities</b>						
Accounts payable				5,572		5,572
Due to student groups	\$ 403,164		\$ 403,164			
Payroll deductions and withholdings payable		\$ 715,428	715,428			
Summer escrow payable		2,375,061	2,375,061			
Total liabilities	<u>\$ 403,164</u>	<u>\$ 3,090,489</u>	<u>\$ 3,493,653</u>	<u>5,572</u>		<u>5,572</u>
<b>Net position</b>						
Held in trust for:						
Unemployment compensation claims				1,687,150		1,687,150
Scholarships					59,192	59,192
Total net position				<u>\$ 1,687,150</u>	<u>\$ 59,192</u>	<u>\$ 1,746,342</u>

Parsippany-Troy Hills School District  
Trust Funds

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2016

	<b>Unemployment Compensation Trust Fund</b>	<b>Private Purpose Scholarship Trust Fund</b>	<b>Total Trust Funds</b>
Additions:			
Contributions:			
Employee contributions	\$ 179,996		\$ 179,996
Donations		\$ 28,060	28,060
Total additions	<u>179,996</u>	<u>28,060</u>	<u>208,056</u>
Deductions:			
Unemployment compensation claims	139,249		139,249
Scholarships awarded		30,900	30,900
Total deductions	<u>139,249</u>	<u>30,900</u>	<u>170,149</u>
Change in net position	40,747	(2,840)	37,907
Net position, beginning	<u>1,646,403</u>	<u>62,032</u>	<u>1,708,435</u>
Net position, ending	<u><u>\$ 1,687,150</u></u>	<u><u>\$ 59,192</u></u>	<u><u>\$ 1,746,342</u></u>

Parsippany-Troy Hills School District  
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2016

	<b>Balance July 1, 2015</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Balance June 30, 2016</b>
<b>Assets</b>				
Cash and equivalents	\$ 373,234	\$ 747,799	\$ 717,869	\$ 403,164
Total assets	<u>\$ 373,234</u>	<u>\$ 747,799</u>	<u>\$ 717,869</u>	<u>\$ 403,164</u>
<b>Liabilities</b>				
Due to student groups	\$ 373,234	\$ 747,799	\$ 717,869	\$ 403,164
Total liabilities	<u>\$ 373,234</u>	<u>\$ 747,799</u>	<u>\$ 717,869</u>	<u>\$ 403,164</u>

Parsippany-Troy Hills School District  
 Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2016

	<b>Balance July 1, 2015</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Balance June 30, 2016</b>
<b>Elementary Schools:</b>				
Eastlake	\$ 4,872	\$ 4,075	\$ 3,024	\$ 5,923
Intervale	3,409	2,733	3,219	2,923
Knollwood	5,674	423	29	6,068
Lake Hiawatha	7,461	1,916	974	8,403
Lake Parsippany	1,565	12,906	11,887	2,584
Littleton	4,765	2,985	2,953	4,797
Mt. Tabor	5,173	4,350	5,104	4,419
Northvail	5,111	1,841	983	5,969
Rockaway Meadow	2,195	3,904	3,565	2,534
Troy Hills	11,374	1,857	1,239	11,992
<b>Total Elementary Schools</b>	<b>51,599</b>	<b>36,990</b>	<b>32,977</b>	<b>55,612</b>
<b>Middle Schools:</b>				
Brooklawn	56,959	146,373	130,972	72,360
Central	45,542	111,902	114,613	42,831
<b>Total Middle Schools</b>	<b>102,501</b>	<b>258,275</b>	<b>245,585</b>	<b>115,191</b>
<b>High Schools:</b>				
Parsippany High	72,009	167,218	159,831	79,396
Parsippany Hills High	101,112	190,830	178,973	112,969
<b>Total High Schools</b>	<b>173,121</b>	<b>358,048</b>	<b>338,804</b>	<b>192,365</b>
<b>Athletic Accounts:</b>				
Parsippany High	6,259	44,193	50,303	149
Parsippany Hills High	650	45,631	43,724	2,557
<b>Total Athletic Accounts</b>	<b>6,909</b>	<b>89,824</b>	<b>94,027</b>	<b>2,706</b>
<b>Total Other Accounts</b>	<b>39,104</b>	<b>4,662</b>	<b>6,476</b>	<b>37,290</b>
<b>Total All Schools</b>	<b>\$ 373,234</b>	<b>\$ 747,799</b>	<b>\$ 717,869</b>	<b>\$ 403,164</b>

Parsippany-Troy Hills School District  
Payroll Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2016

	Balance July 1, 2015	Cash Receipts	Cash Disbursements	Balance June 30, 2016
<b>Assets</b>				
Cash and cash equivalents	\$ 3,015,244	\$ 95,205,730	\$ 95,130,485	\$ 3,090,489
Total assets	<u>\$ 3,015,244</u>	<u>\$ 95,205,730</u>	<u>\$ 95,130,485</u>	<u>\$ 3,090,489</u>
<b>Liabilities</b>				
Payroll deductions and withholdings	\$ 739,272	\$ 92,837,859	\$ 92,861,703	\$ 715,428
Summer escrow payable	<u>2,275,972</u>	<u>2,367,871</u>	<u>2,268,782</u>	<u>2,375,061</u>
Total liabilities	<u>\$ 3,015,244</u>	<u>\$ 95,205,730</u>	<u>\$ 95,130,485</u>	<u>\$ 3,090,489</u>



## Long-Term Debt

Parsippany-Troy Hills School District  
Long-Term Debt

Schedule of Serial Bonds Payable

Year Ended June 30, 2016

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2015	Retired	Balance June 30, 2016
			Date	Amount				
School Improvements	8/15/06	\$ 47,633,000	8/15/16	\$ 1,900,000	4.375%	\$ 3,700,000	\$ 1,800,000	\$ 1,900,000
2014 Refunding Bonds	4/24/14	19,715,000	8/15/17	1,950,000	3.000%	19,545,000		19,545,000
			8/15/18	2,025,000	4.000%			
			8/15/19	2,115,000	4.000%			
			8/15/20	2,205,000	4.000%			
			8/15/21	2,240,000	4.000%			
			8/15/22	2,240,000	5.000%			
			8/15/23	2,250,000	5.000%			
			8/15/24	2,255,000	5.000%			
			8/15/25	2,265,000	5.000%			
2015 Refunding Bonds	2/26/15	12,025,000	8/15/26	2,070,000	5.000%	12,025,000		12,025,000
			8/15/27	2,070,000	5.000%			
			8/15/28	2,070,000	5.000%			
			8/15/29	2,065,000	5.000%			
			8/15/30	2,060,000	5.000%			
			8/15/31	1,690,000	5.000%			
						<u>12,025,000</u>		<u>12,025,000</u>
						<u>\$ 35,270,000</u>	<u>\$ 1,800,000</u>	<u>\$ 33,470,000</u>

Parsippany-Troy Hills School District  
Long-Term Debt

Schedule of Obligations Under Capital Leases

Year ended June 30, 2016

<b>Purpose</b>	<b>Interest Rate</b>	<b>Amount of Original Issue</b>	<b>Balance July 1, 2015</b>	<b>Issued</b>	<b>Paid</b>	<b>Balance June 30, 2016</b>
Equipment	2.75%	\$ 1,005,000	\$ 206,531		\$ 206,531	
Equipment	2.75%	1,005,000	410,179		203,733	\$ 206,446
Equipment	2.75%	1,005,000	611,215		200,962	410,253
Equipment	1.48%	1,300,000	808,177		198,890	609,287
Equipment	1.13%	372,899	186,437		92,693	93,744
Energy Savings Improvement Plan	2.66%	14,200,000	14,200,000		237,000	13,963,000
Equipment	2.10%	1,005,000	787,781		260,621	527,160
Equipment	1.56%	1,200,000	1,189,367		200,000	989,367
Equipment	0.00%	532,697	399,523		133,174	266,349
Equipment	0.00%	1,370,893		\$ 1,370,893	342,723	1,028,170
Equipment	1.50%	1,000,000		1,000,000	99,742	900,258
			<u>\$ 18,799,210</u>	<u>\$ 2,370,893</u>	<u>\$ 2,176,069</u>	<u>\$ 18,994,034</u>

Parsippany-Troy Hills School District  
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2016

	<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	\$ 2,788,077		\$ 2,788,077	\$ 2,788,077	
State sources:					
Debt service aid type II	568,629		568,629	568,629	
Total revenues	<u>3,356,706</u>		<u>3,356,706</u>	<u>3,356,706</u>	
Expenditures:					
Principal on bonds	1,800,000		1,800,000	1,800,000	
Interest on bonds	1,557,779		1,557,779	1,557,778	\$ 1
Total expenditures	<u>3,357,779</u>		<u>3,357,779</u>	<u>3,357,778</u>	<u>1</u>
(Deficiency) excess of revenues (under) over expenditures	(1,073)		(1,073)	(1,072)	1
Other financing sources:					
Interest earned in capital projects fund				552	552
Total other financing sources	<u>-</u>		<u>-</u>	<u>552</u>	<u>552</u>
(Deficiency) excess of revenues (under) over expenditures and other financing sources	(1,073)		(1,073)	(520)	553
Fund balance, July 1	37,829	-	37,829	37,829	
Fund balance, June 30	<u>\$ 36,756</u>	<u>\$ -</u>	<u>\$ 36,756</u>	<u>\$ 37,309</u>	<u>\$ 553</u>

# Statistical Section

(Unaudited)

**Statistical Section  
Unaudited**

**Contents**

**Financial Trends**

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

**Revenue Capacity**

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

**Debt Capacity**

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

**Demographic and Economic Information**

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

**Operating Information**

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

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ended June 30, 2003.*

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

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental activities</b>										
Net investment in capital assets										
Restricted	\$ 20,252,572	\$ 14,924,006	\$ 20,322,542	\$ 22,926,163	\$ 26,048,380	\$ 27,005,258	\$ 26,440,800	\$ 11,372,718	\$ 18,025,158	\$ 22,246,363
Unrestricted (deficit)	9,308,158	18,769,182	12,588,400	9,295,591	8,939,059	6,719,424	8,459,009	10,621,377	10,500,851	5,164,320
Total governmental activities net position	<u>(2,854,006)</u>	<u>(2,128,203)</u>	<u>(2,134,030)</u>	<u>(1,967,791)</u>	<u>(2,081,659)</u>	<u>989,401</u>	<u>4,839,908</u>	<u>4,000,475</u>	<u>(37,452,068)</u>	<u>(38,481,590)</u>
	<u>\$ 26,706,724</u>	<u>\$ 31,564,985</u>	<u>\$ 30,776,912</u>	<u>\$ 30,233,963</u>	<u>\$ 32,905,780</u>	<u>\$ 34,714,083</u>	<u>\$ 39,739,717</u>	<u>\$ 25,994,570</u>	<u>\$ (8,926,059)</u>	<u>\$ (11,070,907)</u>
<b>Business-type activities</b>										
Net investment in capital assets										
Restricted	\$ 116,893	\$ 143,614	\$ 175,722	\$ 182,101	\$ 179,208	\$ 244,661	\$ 322,111	\$ 520,820	\$ 568,799	\$ 608,450
Unrestricted	86,101	74,254	116,446	201,553	246,165	235,887	259,755	307,418	1,118,984	1,543,153
Total business-type activities net position	<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>	<u>\$ 828,238</u>	<u>\$ 1,687,783</u>	<u>\$ 2,151,603</u>
<b>Government-wide</b>										
Net investment in capital assets										
Restricted	\$ 20,369,465	\$ 15,067,620	\$ 20,498,264	\$ 23,108,264	\$ 26,227,588	\$ 27,249,919	\$ 26,762,911	\$ 11,893,538	\$ 18,593,957	\$ 22,854,813
Unrestricted (deficit)	9,308,158	18,769,182	12,588,400	9,295,591	8,939,059	6,719,424	8,459,009	10,621,377	10,500,851	5,164,320
Total district net position	<u>(2,767,905)</u>	<u>(2,053,949)</u>	<u>(2,017,584)</u>	<u>(1,766,238)</u>	<u>(1,835,494)</u>	<u>1,225,288</u>	<u>5,099,663</u>	<u>4,307,893</u>	<u>(36,333,084)</u>	<u>(36,938,437)</u>
	<u>\$ 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>	<u>\$ 26,822,808</u>	<u>\$ (7,238,276)</u>	<u>\$ (8,919,304)</u>

Source: CAFR Schedule A-1 and District records.

Note: GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position. 2014 was restated in 2015 to reflect a District-wide capital assets appraisal.

2015 Business-type activities include the adult school program, previously accounted for in the General Fund.

GASB 68 was implemented during the 2015 fiscal year, which required the restatement of beginning net position in the amount of (\$39,991,097). This amount is not reflected in the June 30, 2014 Net Position, above.

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

Unaudited

	Year ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental activities</b>										
<b>Instruction</b>										
Regular	\$ 48,167,024	\$ 49,679,045	\$ 50,879,509	\$ 51,971,182	\$ 52,549,584	\$ 53,320,040	\$ 54,157,270	\$ 55,225,305	\$ 60,058,776	\$ 67,327,824
Special Education	10,038,034	11,071,579	10,770,018	11,354,873	12,654,225	12,830,312	13,887,574	14,182,455	15,759,413	17,544,548
Other Instruction	4,001,696	4,117,984	4,135,992	4,469,379	4,240,729	4,359,857	4,981,003	4,748,278	5,318,379	4,345,044
School Sponsored Instruction	2,370,392	2,410,202	2,446,604	2,468,444	2,474,035	2,627,716	2,759,048	2,780,564	3,148,624	3,611,060
<b>Support Services:</b>										
Tuition	7,838,140	8,068,232	8,219,763	8,619,040	8,761,180	9,157,295	8,690,359	9,133,292	8,927,366	9,723,979
Student & Instruction Related Services	16,569,596	17,994,928	18,592,041	19,619,802	19,596,193	21,527,642	21,889,834	22,098,468	25,166,820	30,173,891
General Administration Services	1,533,373	1,019,012	1,346,484	1,164,924	963,155	1,207,241	955,550	951,226	987,411	1,365,393
School Administrative Services	5,511,933	5,179,099	6,177,907	6,091,861	6,255,485	6,496,651	6,781,852	7,039,916	7,216,319	7,300,094
Central Services	1,992,289	2,003,582	2,281,598	2,435,522	2,272,678	2,107,571	1,988,419	2,359,078	2,601,763	2,637,523
Administrative Information Technology	975,446	1,729,363	1,010,105	964,932	893,122	797,503	934,141	894,481	2,010,378	2,417,212
Plant Operations & Maintenance	10,767,928	11,905,342	11,666,344	11,718,139	10,517,142	10,921,748	11,334,513	11,702,498	14,561,451	15,682,039
Pupil Transportation	6,578,651	6,616,979	6,660,792	7,170,884	6,140,864	7,183,376	7,128,369	7,392,761	7,799,413	7,879,781
Capital Outlay:										
Special Schools	872,128	991,992	1,023,266	905,430	442,538					
Charter School	1,811,220	1,795,874	1,475,094	1,561,611	1,673,357	1,805,198	1,800,842	1,780,943	1,666	
Interest on long-term debt	1,120,280	2,119,145	2,076,653	2,026,635	2,974,627	1,750,922	1,828,112	1,721,809	2,048,389	338,426
Unallocated Depreciation	746,927	1,027,319	1,284,679	1,327,476	1,369,785					1,118,186
<b>Total governmental activities expenses</b>	<b>120,897,057</b>	<b>127,831,414</b>	<b>130,136,137</b>	<b>134,003,753</b>	<b>133,939,426</b>	<b>136,378,852</b>	<b>139,176,849</b>	<b>142,996,183</b>	<b>155,949,687</b>	<b>171,465,000</b>
<b>Business-type activities:</b>										
Food service	2,223,583	2,238,925	2,194,422	2,279,417	2,211,868	2,326,674	2,152,061	2,195,791	2,474,470	2,529,796
Adult and community education									2,015,253	2,103,524
<b>Total business-type activities expense</b>	<b>2,223,583</b>	<b>2,238,925</b>	<b>2,194,422</b>	<b>2,279,417</b>	<b>2,211,868</b>	<b>2,326,674</b>	<b>2,152,061</b>	<b>2,195,791</b>	<b>4,489,723</b>	<b>4,633,320</b>
<b>Total district expenses</b>	<b>\$ 123,120,640</b>	<b>\$ 130,070,339</b>	<b>\$ 132,330,559</b>	<b>\$ 136,283,170</b>	<b>\$ 136,151,294</b>	<b>\$ 138,705,526</b>	<b>\$ 141,328,910</b>	<b>\$ 145,191,974</b>	<b>\$ 160,439,410</b>	<b>\$ 176,098,320</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
Special Education			\$ 162,070	\$ 183,603	\$ 240,890	\$ 336,014	\$ 336,408	\$ 288,409	\$ 216,116	\$ 281,529
Tuition	\$ 53,427	\$ 124,128	\$ 1,696,439	\$ 1,816,985	\$ 1,661,821	\$ 1,952,286	\$ 2,095,236	\$ 2,023,902	\$ 2,191,340	\$ 2,788,827
Special Schools	1,440,854	1,875,676	1,696,439	1,816,985	1,661,821	1,952,286	2,095,236	2,023,902	2,191,340	2,788,827
Operating grants and contributions	20,410,941	20,879,132	16,190,564	15,272,528	14,557,527	2,309,757	2,401,594	2,087,374	349,442	
Capital grants and contributions	131,062	157,413	251,809		1,144,458	404,041		407,602		
<b>Total governmental activities program revenues</b>	<b>\$ 22,036,284</b>	<b>\$ 23,036,349</b>	<b>\$ 18,300,822</b>	<b>\$ 17,273,116</b>	<b>\$ 17,604,696</b>	<b>\$ 5,002,098</b>	<b>\$ 4,833,238</b>	<b>\$ 4,807,287</b>	<b>\$ 2,756,798</b>	<b>\$ 3,070,356</b>
<b>Business-Type Activities</b>										
<b>Charges for services:</b>										
Food Service	\$ 1,821,255	\$ 1,784,951	\$ 1,783,069	\$ 1,825,265	\$ 1,815,329	\$ 1,820,456	\$ 1,639,914	\$ 1,684,107	\$ 1,772,352	\$ 1,748,269
Adult School									2,878,501	2,609,041
Operating grants and contributions	378,260	430,044	416,517	536,429	514,526	574,150	580,525	625,454	698,415	739,830
<b>Total governmental activities program revenues</b>	<b>\$ 2,199,515</b>	<b>\$ 2,214,995</b>	<b>\$ 2,199,586</b>	<b>\$ 2,361,694</b>	<b>\$ 2,329,855</b>	<b>\$ 2,394,606</b>	<b>\$ 2,220,439</b>	<b>\$ 2,309,561</b>	<b>\$ 5,349,268</b>	<b>\$ 5,097,140</b>
<b>Total District Program Revenues</b>	<b>\$ 24,235,799</b>	<b>\$ 25,251,344</b>	<b>\$ 20,500,408</b>	<b>\$ 19,634,810</b>	<b>\$ 19,934,551</b>	<b>\$ 7,396,704</b>	<b>\$ 7,053,677</b>	<b>\$ 7,116,848</b>	<b>\$ 8,106,066</b>	<b>\$ 8,167,496</b>
<b>Net (Expense)/Revenue Governmental Activities</b>	<b>\$ (98,860,773)</b>	<b>\$ (104,795,065)</b>	<b>\$ (111,835,315)</b>	<b>\$ (116,730,637)</b>	<b>\$ (116,334,730)</b>	<b>\$ (131,376,754)</b>	<b>\$ (134,343,611)</b>	<b>\$ (138,188,896)</b>	<b>\$ (153,192,889)</b>	<b>\$ (168,394,644)</b>
<b>Business-Type Activities</b>	<b>(24,068)</b>	<b>(23,930)</b>	<b>5,164</b>	<b>82,277</b>	<b>117,987</b>	<b>67,932</b>	<b>68,378</b>	<b>113,770</b>	<b>859,545</b>	<b>463,820</b>
<b>Total District-Wide Net Position</b>	<b>\$ (98,884,841)</b>	<b>\$ (104,818,995)</b>	<b>\$ (111,830,151)</b>	<b>\$ (116,648,360)</b>	<b>\$ (116,216,743)</b>	<b>\$ (131,308,822)</b>	<b>\$ (134,275,233)</b>	<b>\$ (138,075,126)</b>	<b>\$ (152,333,344)</b>	<b>\$ (167,930,824)</b>
<b>General Revenues and Other Changes in Net Position:</b>										
<b>Governmental activities:</b>										
Property Taxes Levied for General Purposes	\$ 100,210,723	\$ 104,320,412	\$ 107,986,991	\$ 111,498,049	\$ 115,157,971	\$ 114,831,204	\$ 117,978,486	\$ 120,740,876	\$ 122,152,214	\$ 125,998,736
Taxes Levied for Debt Service	1,081,825	744,260	766,297	2,583,484	2,664,792	2,355,580	2,511,028	2,784,536	2,788,077	2,788,077
Federal and State Aid not Restricted	1,387,280	1,872,919	1,912,146	1,485,655	716,732	13,765,153	18,161,615	16,374,275	31,151,966	37,599,051
Investment Earnings	1,563,178	2,365,504	276,198	94,085	77,310	45,399	40,140	13,816	693	2,990
Miscellaneous Income	297,442	388,386	127,603	555,424	292,535	96,908	337,075	654,483	105,326	260,942
Insurance proceeds							430,889			
Transfers	(10,997)	(38,155)	(21,992)	(9,009)	77,207	13,518	(11,853)	(2,069)		
<b>Total Governmental Activities</b>	<b>104,529,451</b>	<b>109,653,326</b>	<b>111,047,243</b>	<b>116,207,688</b>	<b>118,986,547</b>	<b>131,107,662</b>	<b>139,369,245</b>	<b>140,292,409</b>	<b>156,194,735</b>	<b>166,249,796</b>
<b>Business-Type Activities:</b>										
Investment Earnings	458	649	318	200	939	761	768			
Insurance proceeds							20,319			
Transfers	10,997	38,155	21,992	9,009	(77,207)	(13,518)	11,853	2,069		
<b>Total Business-Type Activities</b>	<b>11,455</b>	<b>38,804</b>	<b>22,310</b>	<b>9,209</b>	<b>(76,268)</b>	<b>(12,757)</b>	<b>32,940</b>	<b>2,069</b>		
<b>Total District-Wide</b>	<b>\$ 104,540,906</b>	<b>\$ 109,692,130</b>	<b>\$ 111,069,553</b>	<b>\$ 116,216,897</b>	<b>\$ 118,910,279</b>	<b>\$ 131,094,905</b>	<b>\$ 139,402,185</b>	<b>\$ 140,294,478</b>	<b>\$ 156,194,735</b>	<b>\$ 166,249,796</b>
<b>Change in Net Position:</b>										
<b>Governmental Activities</b>	<b>\$ 5,668,678</b>	<b>\$ 4,858,261</b>	<b>\$ (788,072)</b>	<b>\$ (522,949)</b>	<b>\$ 2,651,817</b>	<b>\$ (269,092)</b>	<b>\$ 5,025,634</b>	<b>\$ 2,103,513</b>	<b>\$ 3,001,846</b>	<b>\$ (2,144,848)</b>
<b>Business-Type Activities</b>	<b>(12,613)</b>	<b>14,874</b>	<b>27,474</b>	<b>91,486</b>	<b>41,719</b>	<b>55,175</b>	<b>(101,318)</b>	<b>115,839</b>	<b>859,545</b>	<b>463,820</b>
<b>Total District</b>	<b>\$ 5,656,065</b>	<b>\$ 4,873,135</b>	<b>\$ (760,598)</b>	<b>\$ (431,463)</b>	<b>\$ 2,693,536</b>	<b>\$ (213,917)</b>	<b>\$ 5,126,952</b>	<b>\$ 2,219,352</b>	<b>\$ 3,861,391</b>	<b>\$ (1,681,028)</b>

Source: District records

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



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

Unaudited

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund	(as restated)									
Reserved/Restricted	\$ 6,350,307	\$ 9,382,087	\$ 8,538,275	\$ 8,041,629	\$ 7,003,336	\$ 6,561,945	\$ 7,951,867	\$ 9,713,770	\$ 10,164,659	\$ 4,828,128
Assigned					1,966,726	1,464,329	4,679,708	3,633,704	3,205,980	3,802,392
Unassigned					2,379,650	2,177,866	2,686,143	2,759,671	2,685,084	2,449,794
Unreserved	<u>3,998,775</u>	<u>3,408,356</u>	<u>2,552,283</u>	<u>2,412,467</u>						
Total general fund	<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>	<u>\$ 16,107,145</u>	<u>\$ 16,055,723</u>	<u>\$ 11,080,314</u>
All Other Governmental Funds										
Restricted	\$ 27,952,035	\$ 4,052,255	\$ 2,679,749	\$ 735,639	\$ 1,063,680	\$ 861,145	\$ 509,338	\$ 12,100,903	\$ 3,147,328	\$ 373,501
Unassigned (deficit)					(41,015)					
Unreserved, Reported In:										
Capital projects fund	6,028,587	3,218,297	920,402	180,041						
Debt service fund	<u>682,278</u>	<u>1,022,371</u>	<u>12,179</u>	<u>19,489</u>						
Total all other governmental funds	<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>	<u>\$ 12,100,903</u>	<u>\$ 3,147,328</u>	<u>\$ 373,501</u>
Total All Funds	<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>	<u>\$ 28,208,048</u>	<u>\$ 19,203,051</u>	<u>\$ 11,453,815</u>

Source: CAFR Schedule B-1 and District records.

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

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

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

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

Unaudited

	Year ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	(as restated)									
<b>Revenues</b>										
Tax levy	\$ 101,292,548	\$ 105,064,672	\$ 108,753,288	\$ 114,081,533	\$ 117,822,763	\$ 117,186,684	\$ 120,411,379	\$ 123,251,904	\$ 124,936,750	\$ 128,386,814
Interest Earned on reserves	17,368	9,363	9,777	4,511	4,698	2,286	1,294	5,000	641	2,990
Miscellaneous	3,386,749	4,773,868	2,282,203	2,679,306	2,302,668	2,480,810	2,843,613	2,992,863	360,040	567,041
State sources	19,763,554	20,617,320	16,175,007	14,420,722	12,346,912	13,983,424	18,230,758	16,888,358	18,479,058	20,547,750
Federal sources	2,116,513	2,262,607	2,149,782	2,303,741	4,036,994	2,443,038	2,296,403	1,963,640	2,101,583	2,678,852
<b>Total revenue</b>	<b>126,576,732</b>	<b>132,727,830</b>	<b>129,370,057</b>	<b>133,489,813</b>	<b>136,514,035</b>	<b>136,096,242</b>	<b>143,783,447</b>	<b>145,101,765</b>	<b>145,878,072</b>	<b>152,183,447</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular and special educ instruct	35,057,295	37,167,845	38,969,236	39,381,191	39,611,735	38,093,643	37,666,229	38,751,056	37,702,859	40,039,248
Special Education Instruction	7,270,481	7,718,948	8,134,428	8,478,729	9,885,294	9,282,035	9,594,060	10,061,739	10,152,000	10,899,360
Other Instruction	2,843,855	3,019,629	3,125,853	3,321,850	3,131,972	3,087,861	3,426,107	3,301,429	3,288,987	3,412,509
School-Sponsored Instruction	1,847,599	1,873,265	1,922,526	1,959,883	1,959,090	1,992,630	2,062,973	2,079,676	2,125,281	2,341,778
<b>Support Services:</b>										
Tuition	7,838,140	8,068,232	8,219,763	8,619,040	8,761,180	8,958,958	8,804,359	9,217,629	8,927,366	9,719,962
Student Service	11,151,534	12,207,485	10,209,868	10,978,064	11,029,504	12,107,814	12,141,029	12,626,735	11,917,449	12,718,187
Student & Instruction Related Service	1,409,519	850,393	4,531,483	4,320,904	3,978,174	3,799,859	3,657,933	3,906,220	4,480,159	6,298,685
General Administration	998,841	1,550,661	1,040,958	888,499	886,793	1,085,949	833,270	860,115	793,255	1,091,645
School Administration	4,298,379	1,585,170	4,816,887	4,524,606	4,616,791	4,694,512	4,816,528	5,092,002	4,622,005	4,410,527
Central Services	1,484,723	4,498,874	1,685,028	1,637,641	1,637,544	1,573,062	1,428,299	1,710,503	1,714,308	1,631,073
Administrative Information Technology	783,914	788,401	883,790	823,754	754,861	640,210	773,555	751,374	1,505,088	1,678,728
Plant Operations & Maintenance	8,741,859	9,831,091	9,860,863	9,673,943	8,693,102	8,313,218	8,695,511	9,211,480	10,636,370	11,233,188
Pupil Transportation	6,099,104	6,070,520	6,148,902	6,626,853	5,661,933	6,600,429	6,417,563	6,629,720	6,822,465	6,659,821
Business & Other Support Services										
Unallocated Benefits	27,730,869	26,979,193	24,299,659	26,293,718	26,795,395	29,149,709	31,073,806	30,156,485	31,330,454	34,681,213
<b>Debt service:</b>										
Principal	430,000	950,000	1,185,000	1,200,000	1,250,000	1,350,000	1,500,000	1,600,000	3,371,565	1,800,000
Interest	1,120,280	2,119,145	2,076,653	2,026,635	1,973,041	1,916,166	1,853,823	2,030,538	1,507,119	1,557,778
<b>Cost of Issuance</b>										
Capital outlay	16,558,422	30,784,296	8,046,825	5,350,781	4,151,440	3,684,818	3,539,862	9,339,852	15,184,910	11,791,448
Charter school		101,737	89,288	133,619	160,727	285,780	359,963	385,109	343,519	338,426
Special Schools	1,412,428	1,458,136	1,486,532	1,559,717	1,674,554	1,805,199	1,800,842	1,721,809		1,666
<b>Total expenditures</b>	<b>137,077,242</b>	<b>157,623,021</b>	<b>136,733,542</b>	<b>137,799,427</b>	<b>136,613,130</b>	<b>138,421,852</b>	<b>140,445,712</b>	<b>149,433,471</b>	<b>156,573,125</b>	<b>162,303,576</b>
Excess (Deficiency) of revenues over (under) expenditures	(10,500,510)	(24,895,191)	(7,363,485)	(4,309,614)	(99,095)	(2,325,610)	3,337,735	(4,331,706)	(10,695,053)	(10,120,129)
<b>Other financing sources (uses)</b>										
Capital leases (non-budgeted)	791,940	1,005,000	1,005,000	1,005,000	1,005,000	1,005,000	1,005,000	15,577,899	1,543,756	2,370,893
Bond proceeds	47,633,000							19,715,000	12,025,000	
Premium on bonds								2,808,788	2,712,779	
Payment to escrow agent								(22,334,260)	(14,591,479)	
Insurance proceeds							430,889			
Transfers in	1,645,763	2,179,802	2,557,839	45,998	89,443	473,119	350,895	1,612,942	50,052	552
Transfers out	(1,656,760)	(2,217,957)	(2,579,831)	(55,007)	(12,236)	(459,601)	(362,748)	(1,615,011)	(50,052)	(552)
<b>Total other financing sources (uses)</b>	<b>48,413,943</b>	<b>966,845</b>	<b>983,008</b>	<b>995,991</b>	<b>1,082,207</b>	<b>1,018,518</b>	<b>1,424,036</b>	<b>15,765,358</b>	<b>1,690,056</b>	<b>2,370,893</b>
<b>Net change in fund balances</b>	<b>\$ 37,913,433</b>	<b>\$ (23,928,346)</b>	<b>\$ (6,380,477)</b>	<b>\$ (3,313,623)</b>	<b>\$ 983,112</b>	<b>\$ (1,307,092)</b>	<b>\$ 4,761,771</b>	<b>\$ 11,433,652</b>	<b>\$ (9,004,997)</b>	<b>\$ (7,749,236)</b>
Debt service as a percentage of noncapital expenditures	1.29%	2.42%	2.53%	2.44%	2.43%	2.42%	2.45%	2.59%	3.45%	2.23%

Source: CAFR Schedule B-2

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

Fiscal Year Ended June 30,	Interest	Adult Education and Regular Tuition *	Rentals	Refunds	Other	Total
2007	\$ 520,357	\$ 1,494,281	\$ 55,994	\$ 230,291	\$ 11,158	\$ 2,312,081
2008	425,411	1,999,804	38,454	285,314	64,618	2,813,601
2009	177,898	1,724,000	37,946		224,165	2,164,009
2010	86,775	2,000,590	64,826		490,596	2,642,787
2011	74,609	2,031,360	58,484		105,402	2,269,855
2012	44,098	2,288,300	46,886		50,022	2,429,306
2013	39,245	2,431,644	53,312		283,763	2,807,964
2014	12,743	2,312,311	57,029		296,302	2,678,385
2015	641	216,116	39,491		65,835	322,083
2016	2,438	281,529	36,669	77,501	146,771	544,908

**Source:** District records.

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

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

Unaudited

Fiscal Year Ended June 30.	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2007	\$ 112,099,100	\$ 4,323,446,400	\$ 326,400	\$ 3,100	\$2,433,467,700	\$ 318,309,500	\$ 390,048,000	\$ 7,577,700,200	\$ 481,727,700	\$ 10,582,176	\$ 7,588,282,376	\$ 1.36	\$ 9,324,833,790
2008	103,134,600	4,365,430,400	326,400	3,100	2,362,622,800	314,532,200	389,588,700	7,535,638,200	485,730,900	10,448,091	7,546,086,291	1.42	9,666,126,163
2009	89,270,400	4,385,585,100	326,400	3,100	2,306,569,900	314,532,200	390,988,700	7,487,275,800	581,936,200	10,866,942	7,498,142,742	1.50	9,699,800,233
2010	78,507,700	4,405,406,300	326,400	3,100	2,246,593,800	282,858,500	390,988,700	7,404,684,500	584,988,900	11,066,916	7,415,751,416	1.57	9,332,851,651
2011	77,607,500	4,408,878,400	326,400	3,100	2,198,373,300	258,335,800	390,988,700	7,334,513,200	585,116,700	12,432,565	7,346,945,765	1.66	9,082,278,672
2012	72,717,000	4,405,119,200	326,400	4,400	2,131,211,300	250,480,800	390,988,700	7,250,847,800	585,077,700	12,432,565	7,263,280,365	1.72	8,467,896,741
2013	66,904,400	4,403,242,200	326,400	4,400	2,070,234,400	254,664,800	401,241,700	7,196,618,300	576,340,400	10,643,519	7,207,261,819	1.69	8,418,714,892
2014	68,028,800	4,391,472,200	326,400	4,400	2,053,077,500	250,009,200	403,241,700	7,166,160,200	576,340,400	10,643,519	7,176,803,719	1.73	8,489,705,248
2015	67,577,600	4,399,306,700	326,400	8,900	2,045,286,500	244,410,200	403,241,700	7,160,158,000	592,396,100	422,050	7,160,580,050	1.81	8,482,594,479
2016	67,209,400	4,405,575,800	326,400	8,900	2,039,260,500	241,396,100	407,631,100	7,161,408,200	541,694,900	422,000	7,161,830,200	1.85	8,506,908,491

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

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

Reassessment occurs when ordered by the County Board of Taxation.

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

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

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

Fiscal Year Ended December 31,	Parsippany Troy Hills Schools			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Township of Parsippany	Morris County	
2007	\$ 1.35	\$ 0.01	\$ 1.36	\$ 0.49	\$ 0.29	\$ 2.14
2008	1.41	0.01	1.42	0.51	0.30	2.23
2009	1.47	0.03	1.50	0.54	0.30	2.34
2010	1.53	0.04	1.57	0.58	0.30	2.45
2011	1.60	0.06	1.66	0.54	0.30	2.50
2012	1.66	0.06	1.72	0.56	0.28	2.56
2013	1.66	0.03	1.69	0.61	0.30	2.60
2014	1.69	0.04	1.73	0.87	0.26	2.86
2015	1.77	0.04	1.81	0.92	0.25	2.98
2016	N/A	N/A	N/A	N/A	N/A	N/A

**Source:** District Records and Municipal Tax Collector

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

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

N/A Not available.

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

Taxpayer	2016		Taxpayer	2007	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Knoll Manor Associates	\$ 61,015,400	0.85%	Morris Corporate Center, HDQ I & II	\$ 95,660,700	1.26%
Morris Corporate Center, HDQ III	58,875,100	0.82%	State Farm Insurance	82,500,000	1.09%
Morris Corporate Center, HDQ I & II	57,660,700	0.81%	Morris Corporate Center, HDQ III	70,875,100	0.93%
Powder Mill Heights	51,831,300	0.72%	Cendant	67,268,000	0.89%
NJ Kimball, LLC	49,544,700	0.69%	Parsippany Hilton	64,762,300	0.85%
Sylvan/Campus Rlty, LLC	49,101,800	0.69%	Morris Corporate Ctr. IV, Phase II	63,107,000	0.83%
MCC IV - Phase I, LLC	43,526,900	0.61%	Knoll Manor Associates	61,015,400	0.80%
Troy Hills Village	41,506,500	0.58%	Wells Reit - Gatehall II	58,677,800	0.77%
Wells REIT- Multi State	40,677,800	0.57%	Benenson Par LLC - NY Life Ins.	54,080,500	0.71%
Wyndham Worldwide	39,807,200	0.56%	Starwood Realty - Tara	53,971,200	0.71%
Total	<u>\$ 493,547,400</u>	<u>6.89%</u>		<u>\$ 671,918,000</u>	<u>8.85%</u>
Net Assessed Value	<u>\$7,161,830,200</u>			<u>\$ 7,588,282,376</u>	

Source: Municipal Tax Collector

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 101,292,548	\$ 101,292,548	100.00%	-
2008	105,064,672	105,064,672	100.00%	-
2009	108,753,288	108,753,288	100.00%	-
2010	114,081,533	114,081,533	100.00%	-
2011	117,822,763	117,822,763	100.00%	-
2012	117,186,684	117,186,684	100.00%	-
2013	120,411,379	120,411,379	100.00%	-
2014	123,251,904	123,251,904	100.00%	-
2015	124,936,750	124,936,750	100.00%	-
2016	128,386,814	128,386,814	100.00%	-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income <sup>(a)</sup>	Per Capita <sup>(a)</sup>
	General Obligation Bonds	Capital Leases			
2007	\$48,518,000	\$ 2,176,220	\$ 50,694,220	1.41%	\$ 1,016
2008	47,568,000	2,553,060	50,121,060	1.35%	1,005
2009	46,383,000	2,721,823	49,104,823	1.39%	982
2010	45,183,000	2,923,428	48,106,428	1.24%	903
2011	43,933,000	3,004,835	46,937,835	1.15%	878
2012	42,583,000	3,045,125	45,628,125	1.08%	851
2013	41,083,000	3,042,587	44,125,587	1.04%	821
2014	38,848,000	18,567,079	57,415,079	1.29%	1,070
2015	35,270,000	18,798,211	54,068,211	1.22%	1,008
2016	33,470,000	18,994,034	52,464,034	1.18%	978

**Source:** School District Financial Reports

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

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



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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Net Valuation Taxable <sup>(a)</sup>	Per Capita <sup>(b)</sup>
	General Obligation Bonds	Deductions			
2007	\$ 48,518,000	-	\$ 48,518,000	0.64%	\$ 1,016
2008	47,568,000	-	47,568,000	0.63%	1,005
2009	46,383,000	-	46,383,000	0.62%	982
2010	45,183,000	-	45,183,000	0.61%	903
2011	43,933,000	-	43,933,000	0.60%	878
2012	42,583,000	-	42,583,000	0.59%	851
2013	41,083,000	-	41,083,000	0.57%	821
2014	38,848,000	-	38,848,000	0.54%	1,070
2015	35,270,000	\$ 37,829	35,232,171	0.49%	1,008
2016	33,470,000	37,309	33,432,691	0.47%	978

**Source:** School District Financial records

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

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

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

Parsippany-Troy Hills School District  
Ratios of Overlapping Governmental Activities Debt  
As of December 31, 2015  
Unaudited

	<u>Debt Authorized and Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Township of Parsippany	\$ 77,871,723	100.00%	\$ 77,871,723
Morris County General Obligation Debt	226,745,317	9.27%	<u>21,019,291</u>
Subtotal overlapping debt			98,891,014
<b>Parsippany-Troy Hills School District Direct Debt</b>			<u>33,470,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 132,361,014</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 2016

Equalized valuation basis

2016	\$	8,506,908,491
2015		8,482,594,479
2014		8,489,705,248
	\$	<u>25,479,208,218</u>

Average equalized valuation of taxable property

	\$	<u>8,493,069,406</u>
--	----	----------------------

Debt limit <sup>a</sup> (4 % of average equalization value)

	\$	339,722,776
--	----	-------------

Net bonded school debt

		33,470,000
--	--	------------

Legal debt margin

	\$	<u>306,252,776</u>
--	----	--------------------

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 341,938,352	\$ 369,432,176	\$ 386,019,056	\$ 260,753,615	\$ 385,435,807	\$ 368,325,696	\$ 346,251,871	\$ 338,350,892	\$ 338,546,862	\$ 339,722,776
Total net debt applicable to limit	<u>48,518,000</u>	<u>47,568,000</u>	<u>46,383,000</u>	<u>45,183,000</u>	<u>43,933,000</u>	<u>42,583,000</u>	<u>41,083,000</u>	<u>38,848,000</u>	<u>35,232,171</u>	<u>33,432,691</u>
Legal debt margin	<u>\$ 293,420,352</u>	<u>\$ 321,864,176</u>	<u>\$ 339,636,056</u>	<u>\$ 215,570,615</u>	<u>\$ 341,502,807</u>	<u>\$ 325,742,696</u>	<u>\$ 305,168,871</u>	<u>\$ 299,502,892</u>	<u>\$ 303,314,691</u>	<u>\$ 306,290,085</u>
Total net debt applicable to the limit as a percentage of debt limit	14.19%	12.88%	12.02%	17.33%	11.40%	11.56%	11.87%	11.48%	10.41%	9.84%

a Limit set by NJSIA 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 <sup>a</sup>	Personal Income <sup>b</sup>	Morris County Per Capita Personal Income	Unemployment Rate <sup>d</sup>
2007	49,911	\$ 3,604,123,221	\$ 72,211	2.70%
2008	49,880	3,722,843,680	74,636	3.60%
2009	49,982	3,524,530,712	70,516	7.60%
2010	53,255	3,875,898,900	72,780	7.60%
2011	53,487	4,075,388,478	76,194	7.10%
2012	53,621	4,216,701,819	78,639	7.30%
2013	53,767	4,252,647,098	79,094	7.30%
2014	53,683	4,445,489,230	82,810	6.10%
2015	53,641	4,442,011,210	82,810 *	4.20%
2016	53,641 **	4,442,011,210	82,810 *	4.20%

**Source:** School District Reports

\* Latest Morris County per capita personal income available (2014) was used for calculation purposes.

\*\* Latest population data available (2015) was used for calculation purposes.

<sup>a</sup> Population information provided by the NJ Dept of Education.

<sup>b</sup> Personal income was not available, only county average.

<sup>d</sup> Unemployment data provided by the NJ Dept. of Education.

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

2016			2007		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
United Parcel Post	1,927	N/A	Novartis	5,000	N/A
Wyndham	1,366	N/A	United Parcel	2,121	N/A
Automatic Data Processing	1,300	N/A	ADP	1,986	N/A
Avis	1,025	N/A	Greystone Psych.	1,300	N/A
Deloitte-Touche	1,000	N/A	Realogy Corporation	1,200	N/A
Tiffany and Company	710	N/A	Tiffany & Co.	1,200	N/A
State Farm	700	N/A	Wyndham Worldwide	948	N/A
Common Health	555	N/A	State Farm Insurance	830	N/A
EBI-Evonik Corp.	525	N/A	Avis Budget Group, Inc.	800	N/A
NY Life Inv. Mgmt.	500	N/A	Deloitte & Touche	750	N/A
	<u>9,608</u>			<u>16,135</u>	

**Source:** Various Agencies of the Township

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

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction:										
Regular	504.9	509.3	544.3	539.7	516.4	513.1	519.2	521.7	509.0	519.8
Special Education	91.8	96.7	96.3	104.0	106.0	109.6	113.0	112.6	108.0	116.0
Support Services:										
Student & Instruction Related Services	108.4	108.8	113.8	106.0	107.2	109.0	102.4	118.9	104.8	104.9
School Administrative Services	34.0	33.0	32.0	32.0	32.0	32.0	37.3	35.0	38.0	40.0
General & Business Administrative Service	5.0	5.0	5.0	5.0	5.0	5.0	3.0	3.0	3.0	3.0
Plant Operations and Maintenance	111.5	111.5	111.5	113.5	94.0	94.0	98.5	103.5	110.0	110.5
Pupil Transportation	24.0	24.0	24.0	23.0	23.0	23.0	22.0	22.0	25.0	26.0
Business and Other Support Services	82.0	82.0	82.0	80.5	80.5	81.5	81.5	87.0	85.5	85.0
Total	<u>961.6</u>	<u>970.3</u>	<u>1,008.9</u>	<u>1,003.7</u>	<u>964.1</u>	<u>967.2</u>	<u>976.9</u>	<u>1,003.7</u>	<u>983.3</u>	<u>1,005.2</u>

Source: District Personnel Records

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

At June 30,	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2007	7,180	\$ 118,968,540	\$ 16,569	5.06%	738	10.3:1	10.7:1	10.1:1	7,180	6,898	1.14%	96.07%
2008	7,252	123,769,580	17,067	3.00%	742	10.3:1	10.7:1	10.1:1	7,252	7,208	1.00%	99.39%
2009	7,152	125,425,064	17,537	2.75%	745	10.3:1	10.3:1	9.5:1	7,157	6,862	-1.31%	95.88%
2010	7,397	129,222,011	17,470	-0.39%	747	10.5:1	7.4:1	9.5:1	7,274	6,988	1.63%	96.07%
2011	7,321	129,238,649	17,653	1.05%	727	12.3:1	8.1:1	10.0:1	7,194	6,984	-1.10%	97.08%
2012	7,290	131,470,868	18,034	2.16%	729	11.8:1	8.6:1	10.4:1	7,267	6,967	1.01%	95.87%
2013	7,270	133,552,027	18,370	1.86%	735	13.2:1	9.1:1	10.3:1	7,270	6,833	0.04%	93.99%
2014	7,014	136,463,081	19,456	5.91%	753	10.2:1	8.2:1	9.1:1	7,014	6,726	-3.52%	95.89%
2015	6,959	136,363,231	19,595	0.72%	722	12.1:1	9.3:1	10.3:1	6,958	6,686	-0.80%	96.09%
2016	7,014	145,783,457	20,785	6.07%	741	10.5:1	8.5:1	8.7:1	7,014	6,748	0.80%	96.21%

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

Note: Enrollment's based October 15, 2015 ASSA/DRTRS count report.

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

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

District Building	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Parsippany High School (1956)</b>										
Square Feet	166,512	166,512	174,377	174,377	174,377	174,377	174,377	174,377	174,377	174,377
Capacity (students)	817	817	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106
Enrollment	975	1,009	1,020	1,043	1,043	1,008	1,008	971	932	928
<b>Parsippany Hills High School (1970)</b>										
Square Feet	202,899	202,899	218,009	218,009	218,009	218,009	218,009	218,009	218,009	218,009
Capacity (students)	837	837	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
Enrollment	1,197	1,177	1,166	1,153	1,132	1,139	1,139	1,071	1,055	1,032
<b>Brooklawn Middle School (1965)</b>										
Square Feet	111,126	111,126	125,310	125,310	125,310	125,310	125,310	125,310	125,310	125,310
Capacity (students)	771	771	900	900	900	900	900	900	900	900
Enrollment	885	927	915	872	861	844	844	881	863	878
<b>Central Middle School (1928)</b>										
Square Feet	91,441	91,441	138,221	138,221	138,221	138,221	138,221	138,221	138,221	138,221
Capacity (students)	620	620	846	846	846	846	846	846	846	846
Enrollment	791	797	755	762	792	812	812	753	761	790
<b>Eastlake Elementary School (1967)</b>										
Square Feet	31,589	31,589	31,589	31,589	31,589	31,589	31,589	31,589	31,589	31,589
Capacity (students)	289	289	266	266	266	266	266	266	266	266
Enrollment	314	298	283	277	331	338	338	335	323	312
<b>Intervale Elementary School (1966)</b>										
Square Feet	27,771	37,731	37,731	37,731	37,731	37,731	37,731	37,731	37,731	37,731
Capacity (students)	490	490	286	286	286	286	286	286	286	286
Enrollment	275	327	314	331	316	298	298	285	297	299
<b>Knollwood Elementary School (1961)</b>										
Square Feet	33,880	33,880	33,880	33,880	33,880	33,880	33,880	33,880	33,880	33,880
Capacity (students)	298	298	281	281	281	281	281	281	281	281
Enrollment	309	327	331	359	323	312	312	331	347	365
<b>Lake Hiawatha Elementary School (1952)</b>										
Square Feet	38,314	44,424	44,424	44,424	44,424	44,424	44,424	44,424	44,424	44,424
Capacity (students)	371	371	328	328	328	328	328	328	328	328
Enrollment	332	373	407	436	400	431	431	423	417	427
<b>Lake Parsippany Elementary School (1949)</b>										
Square Feet	36,747	36,747	36,747	36,747	36,747	36,747	36,747	36,747	36,747	36,747
Capacity (students)	376	376	297	297	297	297	297	297	297	297
Enrollment	356	335	324	314	321	334	334	320	318	298
<b>Littleton Elementary School (1958)</b>										
Square Feet	41,890	41,890	41,890	41,890	41,890	41,890	41,890	41,890	41,890	41,890
Capacity (students)	371	371	320	320	320	320	320	320	320	320
Enrollment	466	416	394	368	393	381	381	359	369	393
<b>Mt. Tabor Elementary School (1930)</b>										
Square Feet	34,350	42,712	42,712	42,712	42,712	42,712	42,712	42,712	42,712	42,712
Capacity (students)	337	337	302	302	302	302	302	302	302	302
Enrollment	273	330	350	396	423	430	430	406	414	403
<b>Northvail elementary School (1966)</b>										
Square Feet	32,798	32,798	32,798	32,798	32,798	32,798	32,798	32,798	32,798	32,798
Capacity (students)	298	298	278	278	278	278	278	278	278	278
Enrollment	356	322	320	358	367	371	371	368	362	375
<b>Rockaway Meadow Elementary School (1966)</b>										
Square Feet	36,366	36,366	36,366	36,366	36,366	36,366	36,366	36,366	36,366	36,366
Capacity (students)	277	277	280	280	280	280	280	280	280	280
Enrollment	317	273	280	265	280	270	270	245	252	243
<b>Troy Hills Elementary School (1964)</b>										
Square Feet	36,954	36,954	36,954	36,954	36,954	36,954	36,954	36,954	36,954	36,954
Capacity (students)	326	326	289	289	289	289	289	289	289	289
Enrollment	334	334	320	325	307	302	302	266	249	248
<b>Other:</b>										
<b>Windish Administration (1965)</b>										
Square Feet	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
<b>Maintenance Building (1900)</b>										
Square Feet	4,074	4,074	4,074	4,074	4,074	4,074	4,074	4,074	4,074	4,074
<b>Board Office (acquired in 2006)</b>										
Square Feet	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500
<b>Number of Schools at June 30, 2016</b>										
Elementary = 10										
Middle School = 2										
High School = 2										
Other = 3										

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

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



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

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

School Facilities	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Parsippany High School	\$ 78,787	\$ 67,224	\$ 56,790	\$ 73,502	\$ 267,218	\$ 350,175	\$ 328,401	\$ 386,218	\$ 436,982	\$ 444,752
Parsippany Hills High School	61,447	65,024	63,925	96,302	336,581	334,563	410,880	483,520	547,074	556,802
Brooklawn Middle School	48,824	50,945	42,854	54,691	244,553	269,543	225,776	277,542	314,022	319,606
Central Middle School	50,961	46,174	43,382	62,692	258,973	201,581	246,301	289,650	327,722	333,549
Eastlake Elementary School	17,715	16,878	13,701	13,495	68,556	148,268	61,575	69,345	78,459	79,854
Intervale Elementary School	18,026	21,273	10,216	24,362	88,620	69,804	82,100	86,450	97,813	99,552
Knollwood Elementary School	19,828	19,616	12,432	16,513	54,310	48,476	81,995	75,039	84,902	86,412
Lake Hiawatha Elementary School	13,503	22,321	19,793	22,075	99,239	127,723	102,625	98,392	111,325	113,304
Lake Parsippany Elementary School	18,149	22,410	22,702	26,619	136,929	76,337	61,600	81,389	92,087	93,724
Littleton Elementary School	23,906	19,978	14,591	13,391	85,716	62,744	61,578	92,780	104,975	106,841
Mt. Tabor Elementary School	15,138	25,759	25,406	32,716	167,401	81,104	61,580	94,600	107,035	108,938
Northvail Elementary School	20,506	17,732	12,350	20,923	83,721	73,647	61,599	72,642	82,191	83,652
Rockaway Meadow Elementary School	19,232	19,294	13,097	35,660	69,554	62,796	82,140	80,545	91,132	92,752
Troy Hills elementary School	18,539	24,336	11,408	22,300	75,759	73,762	82,106	81,847	92,605	94,252
Administration Building	1,482,103	1,637,502	1,643,930	1,540,299	140,114	116,345	82,105	80,842	91,468	93,094
Maintenance Building	38,169	43,893	77,071	82,178	13,008	10,844	20,525	9,024	10,209	10,391
<b>Grand Total</b>	<b>\$ 1,944,833</b>	<b>\$ 2,120,359</b>	<b>\$ 2,083,648</b>	<b>\$ 2,137,718</b>	<b>\$ 2,190,252</b>	<b>\$ 2,107,712</b>	<b>\$ 2,052,886</b>	<b>\$ 2,359,825</b>	<b>\$ 2,670,001</b>	<b>\$ 2,717,475</b>

Source: District records of required maintenance.

Parsippany-Troy Hills School District  
Insurance Schedule  
Year ended June 30, 2016  
Unaudited

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

Source: District Records

# Single Audit Section

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Parsippany-Troy Hills School District, in the County of Morris, New Jersey (the "District") as of and for the year ended June 30, 2016, 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 2, 2016.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



Scott A. Clelland  
Licensed Public School Accountant  
No. 1049



WISS & COMPANY, LLP

December 2, 2016  
Livingston, New Jersey

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

Independent Auditors' Report

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

**Report on Compliance for Each Major Federal and State Program**

We have audited the Parsippany-Troy Hills School District, in the County of Morris, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2016. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

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

### ***Opinion on Each Major Federal and State Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

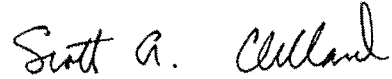
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the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

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

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

## Purpose of this Report

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



Scott A. Clelland  
Licensed Public School Accountant  
No. 1049



WISS & COMPANY, LLP

December 2, 2016  
Livingston, New Jersey



Parsippany-Troy Hills School District

Schedule of Expenditures of Federal Awards

Year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Balance June 30, 2015										Repayment of Prior Years' Balances	Balance June 30, 2016			
	Federal CFDA Number	Federal FAIN Number	Grant or State Period Number	Grant Period	Award Amount	(Accounts Receivable)	Unearned Revenue	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received		Budgetary Expenditures	Adjustments	(Accounts Receivable)	Unearned Revenue
<b>U.S. Department of Health and Human Services Passed-through State Department of Education:</b>															
Medicaid Assistance	93.778	1605NJMAP	N/A	7/1/15-6/30/16	\$ 75,896					\$ 75,896	\$ 75,896				
Medicaid Assistance	93.778	1605NJMAP	N/A	7/1/14-6/30/15	118,473	\$ (24,214)				24,214					
Medicaid Assistance	93.778	1605NJMAP	N/A	7/1/13-6/30/16	12,751						12,751		\$ (12,751)		
<b>Total U.S. Department of Health and Human Services</b>						(24,214)				100,110	88,647		(12,751)		
<b>Total General Fund</b>						(24,214)				100,110	88,647		(12,751)		
<b>U.S. Department of Education--Passed-Through State Department of Education</b>															
<b>Special Revenue Fund:</b>															
Title I	84.010A	S010A150030	NCLB395016	7/1/15-6/30/16	436,988					231,981	402,903		(170,922)		
Title I	84.010A	S010A150030	NCLB395015	9/1/13-6/30/15	264,644	(101,476)				104,702	31,844		(28,618)		
Title II, Part A	84.367A	S367A150029	NCLB395016	7/1/15-6/30/16	51,591					35,097	45,724		(10,627)		
Title II, Part A	84.367A	S367A150029	NCLB395015	7/1/14-6/30/15	52,347	(19,893)				72,657	19,975		\$ 32,789		
Title II, Part A	84.367A	S367A150029	NCLB395014	9/1/13-6/30/15	103,878		\$ 42,113						42,113		
Title III	84.365A	S365A150030	NCLB395016	7/1/15-6/30/16	158,021					33,776	54,764		(20,988)		
Title III	84.365A	S365A150030	NCLB395015	7/1/14-6/30/15	170,608		16,375			93,430	105,674		4,131		
Title III	84.365A	S365A150030	NCLB395014	9/1/13-6/30/15	95,309	(10,841)				-			(10,841)		
Title III - immigrant	84.365	S365A150030	NCLB395016	7/1/15-6/30/16	80,415					45,200	67,199		(21,999)		
<b>Special Education Cluster:</b>															
I.D.E.A. Part B, Regular	84.027	S027A150100	IDEA395016	7/1/15-6/30/16	1,620,502					1,201,545	1,507,483		(305,938)		
I.D.E.A. Part B, Regular	84.027	S027A150100	IDEA395015	9/1/13-6/30/15	1,593,169	(631,368)				818,330	226,921		(39,959)		
I.D.E.A. Part B, Preschool	84.173	S173A150114	IDEA395016	7/1/15-6/30/16	57,574					47,134	57,574		(10,440)		
I.D.E.A. Part B, Preschool	84.173	S173A150114	IDEA395015	9/1/13-6/30/15	56,150	(15,053)				15,053					
<b>U.S. Department of Homeland Security Passed-through State Department of Education</b>											61,160		(61,160)		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	N/A	10/29/12-6/30/16	61,160										
<b>Total Special Revenue Fund</b>						(778,631)	58,488			2,698,905	2,581,221		(681,492)	79,033	
<b>U.S. Department of Agriculture--Passed-Through State Department of Education</b>															
<b>Enterprise Fund:</b>															
U.S.D.A Food Donation Program (NC)	10.555	16161NJ304N109	N/A	7/1/15-6/30/16	192,925					192,925	190,075			2,850	
U.S.D.A Food Donation Program (NC)	10.555	16161NJ304N109	N/A	7/1/14-6/30/15	181,904		13,561				13,561				
National School Breakfast Program	10.553	16161NJ304N109	N/A	7/1/15-6/30/16	22,171					17,509	22,171		(4,662)		
National School Breakfast Program	10.553	16161NJ304N109	N/A	7/1/14-6/30/15	7,509	(2,216)				2,216					
National School Lunch Program	10.555	16161NJ304N109	N/A	7/1/15-6/30/16	493,198					404,777	493,198		(88,421)		
National School Lunch Program	10.555	16161NJ304N109	N/A	7/1/14-6/30/15	495,116	(100,673)				100,673					
<b>Total Enterprise Fund and Total U.S. Department of Agriculture-- Passed-Through State Department of Education</b>						(102,889)	13,561	-	-	718,100	719,005	-	(93,083)	2,850	
<b>Total Federal Awards</b>						\$ (905,734)	\$ 72,049	\$ -	\$ -	\$ 3,517,115	\$ 3,388,873	\$ -	\$ (787,326)	\$ 81,883	\$ -

NC - non cash expenditure

Parsippany-Troy Hills School District  
Schedule of Expenditures of State Financial Assistance  
Year ended June 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015		Carryover/Walkover	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances		Balance at June 30, 2016			Memo	
				Unearned Rev. (Accts Rec)	Due to Grantor				Adjustments	Unearned Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Expenditures	
<b>State Department of Education</b>															
General Fund:															
Special Education Categorical Aid	495-034-5120-089	7/1/15-6/30/16	\$ 3,956,158				\$ 3,567,787	\$ 3,956,158						\$ (388,371)	\$ 3,956,158
Special Education Categorical Aid	495-034-5120-089	7/1/14-6/30/15	3,956,158	\$ (386,768)			386,768								
Equalization Aid	495-034-5120-078	7/1/15-6/30/16	95,367				86,005	95,367						(9,362)	95,367
Equalization Aid	495-034-5120-078	7/1/14-6/30/15	95,367	(9,324)			9,324								
Security Aid	495-034-5120-084	7/1/15-6/30/16	132,915				119,867	132,915						(13,048)	132,915
Security Aid	495-034-5120-084	7/1/14-6/30/15	132,915	(12,994)			12,994								
Additional Adjustment Aid	495-034-5120-085	7/1/15-6/30/16	1				1	1							1
Transportation Aid	495-034-5120-014	7/1/15-6/30/16	295,061				266,095	295,061						(28,966)	295,061
Transportation Aid	495-034-5120-014	7/1/14-6/30/15	295,061	(28,846)			28,846								
PARCC Readiness Aid	495-034-5120-098	7/1/15-6/30/16	69,790				62,939	69,790						(6,851)	69,790
PARCC Readiness Aid	495-034-5120-098	7/1/14-6/30/15	69,790	(6,823)			6,823								
Per Pupil Growth Aid	495-034-5120-097	7/1/15-6/30/16	69,790				62,939	69,790						(6,851)	69,790
Per Pupil Growth Aid	495-034-5120-097	7/1/14-6/30/15	69,790	(6,823)			6,823								
Extraordinary Aid	100-034-5120-473	7/1/15-6/30/16	1,054,238					1,054,238				\$ (1,054,238)			1,054,238
Extraordinary Aid	100-034-5120-473	7/1/14-6/30/15	715,110	(715,110)			715,110								
Additional NP Transportation Aid	Not available	7/1/15-6/30/16	57,361					57,361						(57,361)	57,361
Additional NP Transportation Aid	Not available	7/1/14-6/30/15	61,157	(61,157)			61,157								
Homeless tuition reimbursement	Not available	7/1/15-6/30/16	13,213					13,213						(13,213)	13,213
On-Behalf TPAF Pension and Medical Contributions	495-034-5095-001/006/007	7/1/15-6/30/16	9,826,665				9,826,665	9,826,665							9,826,665
Reimbursed TPAF - Social Security	495-034-5095-002	7/1/15-6/30/16	4,236,382				4,236,382	4,236,382							4,236,382
Reimbursed TPAF - Social Security	495-034-5095-002	7/1/14-6/30/15	4,168,356	(205,466)			205,466								
<b>Total General Fund</b>				<b>(1,433,311)</b>			<b>19,661,991</b>	<b>19,806,941</b>				<b>(1,124,812)</b>		<b>(453,449)</b>	<b>19,806,941</b>
<b>Special Revenue Fund:</b>															
Non Public Auxiliary Services (Ch. 192):	100-034-5120-067														
Compensatory Education		7/1/15-6/30/16	39,594				39,594	39,594							39,594
Non Public Handicapped Services (Ch. 193):	100-034-5120-066														
Supplemental Instruction		7/1/15-6/30/16	20,792				20,792	18,044					\$ 2,748		18,044
Examination and Classification		7/1/15-6/30/16	29,826				29,826	23,865					5,961		23,865
Examination and Classification		7/1/14-6/30/15	31,695		\$ 1,411				\$ 1,411						
Corrective Speech		7/1/15-6/30/16	19,230				19,230	7,525					11,705		7,525
Corrective Speech		7/1/14-6/30/15	25,622		13,960					13,960					
New Jersey Non-Public Aid:															
Nursing	100-034-5120-070	7/1/15-6/30/16	46,260				46,260	32,670					13,590		32,670
Textbook Aid	100-034-5120-064	7/1/15-6/30/16	29,350				29,350	26,139					3,211		26,139
Textbook Aid	100-034-5120-064	7/1/14-6/30/15	31,280		7,259				7,259						
Technology Aid	100-034-5120-373	7/1/15-6/30/16	13,364				13,364	13,364							13,364
Security Aid	100-034-5120-509	7/1/15-6/30/16	12,850				12,850	12,850							12,850
<b>Total Special Revenue Fund</b>					<b>22,630</b>		<b>211,266</b>	<b>174,051</b>	<b>22,630</b>				<b>37,215</b>		<b>174,051</b>
Capital Projects Fund:															
New Jersey School Development Authority Grants	Various	7/1/2013- completion	757,044	(757,044)										(757,044)	
<b>Total Capital Projects Fund</b>				<b>(757,044)</b>										<b>(757,044)</b>	
<b>Debt Service Fund:</b>															
Type II Aid	100-034-5120-075	7/1/15-6/30/16	568,629				568,629	568,629							568,629
<b>Total Debt Service Fund</b>							<b>568,629</b>	<b>568,629</b>							<b>568,629</b>
<b>State Department of Agriculture</b>															
Enterprise Fund:															
State School Lunch Program (State share)	100-010-3350-023	7/1/15-6/30/16	20,825				17,101	20,825						(3,724)	20,825
State School Lunch Program (State share)	100-010-3350-023	7/1/14-6/30/15	21,585	(4,941)			4,941								
<b>Total Enterprise Fund</b>				<b>(4,941)</b>			<b>22,042</b>	<b>20,825</b>						<b>(3,724)</b>	<b>20,825</b>
<b>Total State Financial Assistance</b>				<b>\$ (2,195,296)</b>	<b>\$ 22,630</b>	<b>\$ -</b>	<b>\$ 20,463,928</b>	<b>\$ 20,570,446</b>	<b>\$ 22,630</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,885,580)</b>	<b>\$ 37,215</b>	<b>\$ (453,449)</b>	<b>\$ 20,570,446</b>
<b>State Financial Assistance Not Subject to Single Audit Determination:</b>															
On-Behalf TPAF Pension and Medical Contributions	495-034-5095-001/006/007	7/1/15-6/30/16	9,826,665				(9,826,665)	(9,826,665)							(9,826,665)
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				<b>\$ (2,195,296)</b>	<b>\$ 22,630</b>	<b>\$ -</b>	<b>\$ 10,637,263</b>	<b>\$ 10,743,781</b>	<b>\$ 22,630</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,885,580)</b>	<b>\$ 37,215</b>	<b>\$ (453,449)</b>	<b>\$ 30,397,111</b>

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

Year ended June 30, 2016

**1. General**

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

**2. Basis of Accounting**

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

**3. Relationship to Basic Financial Statements**

Amounts reported in the accompanying schedules agree with amounts reported in the District's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison 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, 2016

**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 \$1,871 for the general fund and \$8,993 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	\$ 88,647	\$19,805,070	\$19,893,717
Special Revenue Fund	2,590,205	174,051	2,764,256
Debt Service Fund		568,629	568,629
Food Service Enterprise Fund	719,005	20,825	739,830
Total financial award revenues	<u>\$ 3,397,857</u>	<u>\$20,568,575</u>	<u>\$23,966,432</u>

The adjustment to reconcile from budgetary basis accounts receivable to GAAP basis accounts receivable is \$2,427 for the special revenue fund. This is a result of recognizing encumbrances as expenditures on the budgetary basis but not the GAAP basis.

Parsippany-Troy Hills School District

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

Year ended June 30, 2016

**4. Relationship to Federal and State Financial Reports**

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

**5. Other**

Revenues and expenditures reported under the Food Donation Program represent current year value of USDA commodities received and current year distributions, respectively. TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2016.

The post retirement pension and medical benefits on-behalf of the District for the year ended June 30, 2016 amounted to \$9,826,665. Since on-behalf post retirement pension and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB's Circular 15-08. However, they are required to be reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

In addition, The District did not utilize the 10% de minimis indirect cost rate.

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

Year ended June 30, 2016

**Part I - Summary of Auditors' Results**

**Financial Statement Section**

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

**Federal Awards Section**

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</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 major federal programs:			
Material weakness(es) identified?	<u>        </u> Yes	<u>  ✓  </u>	No
Significant deficiency(ies) identified?	<u>        </u> Yes	<u>  ✓  </u>	None Reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u>        </u> Yes	<u>  ✓  </u>	No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
84.010A	S010A150030	Title I Part A
84.027	S027A150100	IDEA, Part B, Basic Cluster
84.173	S173A150114	IDEA, Part B, Preschool Cluster

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

Year ended June 30, 2016

**Part I - Summary of Auditors' Results**

**State Awards Section**

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

\$750,000

Auditee qualified as low-risk auditee?

           Yes   ✓   No

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

Unmodified

Internal control over compliance:

Material weakness(es) identified?

           Yes   ✓   No

Significant deficiency (ies) identified?

           Yes   ✓   None Reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 15-08?

           Yes   ✓   No

Identification of major state programs:

<b>GMIS/Program Number</b>	<b>Name of State Program or Cluster</b>
495-034-5120-089	Special Education Categorical Aid
100-034-5120-473	Extraordinary Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-078	Equalization Aid
495-034-5120-084	Security Aid
495-034-5120-085	Additional Adjustment Aid

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

Year ended June 30, 2016

**Part II – Schedule of Financial Statement Findings**

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



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

Year ended June 30, 2016

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

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

**Federal Award Programs**

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

**State Award Programs**

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

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

Year ended June 30, 2016

**2015-001 Eligibility – Target Assistance (Significant Deficiency)**

**Federal Programs**

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

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

Status: This condition has been corrected.