

Parsippany-Troy Hills School District

Parsippany
County of Morris
New Jersey

Annual Comprehensive Financial Report
For the Year Ended
June 30, 2022

Parsippany-Troy Hills School District

Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

Parsippany-Troy Hills School District
Parsippany, New Jersey

Prepared by Parsippany-Troy Hills
Business Office

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Introductory Section

Parsippany-Troy Hills Township Schools

Robin C. Tedesco
Interim Business Administrator/Board Secretary

292 Parsippany Rd, P.O. Box 52
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E-mail: rctedesco@pthsd.net

March 13, 2023

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 Annual Comprehensive Financial Report ("ACFR") of the Parsippany-Troy Hills School District (the "District") for the fiscal year ended June 30, 2022, 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 ACFR is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the District's organizational chart, a roster of officials and a list of professionals that provide services to the District. The financial section includes the Independent Auditors' Report, the Management's Discussion and Analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, generally presented on a multi-year basis and is unaudited. The District is required to undergo an annual single audit in conformity with the provisions of the Federal Uniform Guidance and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control over compliance and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES

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

The District provides a full range of educational services appropriate to grade levels Pre K through 12. These include general as well as special education for handicapped children. Considerable emphasis is placed on an ESL program serving appropriate students, while both a basic skills and a gifted and talented program are in place to meet students' needs. The District completed the 2021-2022 fiscal year with a resident enrollment of 7,059 students and an average daily enrollment of 7,015 students, which is a decrease of 67 students from the previous year's average daily enrollment.

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

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u> <u>Student Enrollment</u>	<u>Percent Change</u>
2021-2022	7,015	-0.95%
2020-2021	7,082	-1.73%
2019-2020	7,207	1.08%
2018-2019	7,130	1.51%
2017-2018	7,024	0.44%

The District is anticipating a resident enrollment of approximately 7,227 students for the 2022-2023 school year.

2. ECONOMIC CONDITION AND OUTLOOK

The Township of Parsippany-Troy Hills is Morris County's most populous township. The town's proximity to New York City and local transit makes it a desirable area for corporate headquarters, while its older neighborhoods and lake communities have attracted a diverse resident base. The school district continues to closely monitor the progress of planned construction in the form of townhomes, apartments, and mixed-use development, some of which will address the township's adherence toward Council on Affordable Housing ("COAH") regulations, as these developments could significantly increase enrollment.

3. MAJOR INITIATIVES

Facilities Management

During the 2021-2022 school year, the District began a chiller replacement project at the Calabria Educational Center and a replacement of the gymnasium floor and bleachers in the Main Gymnasium at Parsippany High School and the District continued the partial roof replacement project at Parsippany Hills High School. In addition to these projects, the District also replaced interior and exterior doors, repaved areas around the schools, replaced classroom and hallway floors and did several small projects throughout the fourteen schools. Due to all of the school buildings in the district being over fifty years old, as presented in schedule J-18, and as a guide for budgeting facility projects, the District maintains a Five Year Facility Plan listing potential projects to be completed each year.

Financial Planning

The District's administration continues to closely monitor the cost of operations and continues to explore cost efficiencies. While expenditures for employee health care, special education costs and contractual salaries increase well above 2%, the District is limited to a 2% tax levy cap. In order to manage such costs and keep the overall budget within the limit of the tax levy cap it is important to analyze all costs and investigate all avenues of cost savings. The District continues to outsource substitutes and investigate areas for shared services in an effort to contain costs. The Business Office maintains streamlined school budgets and closely reviews departmental budgets in the District in an effort to maximize supplies and services to the students while keeping costs flat.

Personnel Management

The Office of Human Resources uses established procedures to ensure that all candidates hired in the District have the proper credentials under New Jersey law to perform their job. In order to find the best possible candidates for open positions in the District, the Human Resources Department uses Applitrack to manage all job postings and applications. Once a candidate is chosen the District provides orientation and professional development, if needed, to help acclimate the individual. For certain positions in the District, a newly hired employee is given a mentor to help guide them in their work. As an on-going service, in collaboration with the Superintendent's Office as well as the Curriculum Office, the District continues to develop and provide professional development activities so that teachers and support staff can meet District and State requirements throughout their employment.

Personnel policies and specified job descriptions are reviewed and revised as necessary in collaboration with Board's Personnel Committee. The Office of Human Resources is continually updating and refining the District's employment practices. The District's evaluation process follows the State's observation and evaluation requirements under the

NJAchieve law. The District used both the Marshall and Danielson (pilot) models for evaluations during the 2021-2022 school year.

Educational Program

The Parsippany-Troy Hills Township School District developed a Strategic Plan which focuses on creating innovative and rigorous educational experiences for students, coaching students to develop social and emotional skills so they may become self-aware and responsible citizens, and promoting professional growth experiences for the adult learners in the school community. The District has developed a Curriculum Renewal Plan which provides for the thoughtful and thorough review of all curricular offerings. As a result, NJ Learning Standards and Next Generation Science Standards have been infused into the instructional program and a rich, balanced literacy program is in place in all grade levels. A broad range of STEM and technology electives are available to middle and high school students. A new STEM Pathways program has been implemented at both high schools and has attracted many students who are interested in pursuing college studies in these fields.

In order to provide students with an instructional environment in which they can thrive, the District has developed a program for professional staff development that encourages self-directed professional growth in specifically targeted areas of instruction. The District's strong, collaborative ongoing relationship with Montclair State University's Network for Educational Renewal affords an opportunity for free and discounted professional development experiences related to district initiatives and statewide initiatives. Additionally, the District provides teachers with opportunities to best meet the needs of all learners through best practices and research. The District looks to continue the implementation of multiple technology-related experiences and training including providing additional training on integrating Google Apps for Education into the classroom.

4) INTERNAL ACCOUNTING CONTROLS

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

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

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

5) BUDGETARY CONTROLS

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assigned fund balance at June 30, 2022, in the basic financial statements generally accepted in the United States.

6) ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds and the government-wide financial statements are explained in "Notes to the Basic Financial Statements," Note 1.

7) OTHER INFORMATION

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

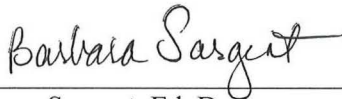
8) AWARDS

The International Association of School Business Officials (“ASBO”) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2021. This was the fifth consecutive year that the District has applied and received this prestigious award. In order to be awarded this certificate, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States and applicable legal requirements.

The Certificate is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Programs’ requirements and we are submitting it to ASBO to determine its eligibility for the fiscal year 2021-2022 certificate.

9) ACKNOWLEDGMENTS

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



Barbara Sargent, Ed. D.
Superintendent of Schools



Robin C. Tedesco
Interim Business Administrator/Board Secretary

POLICY

PARSIPPANY-TROY HILLS TOWNSHIP SCHOOL DISTRICT

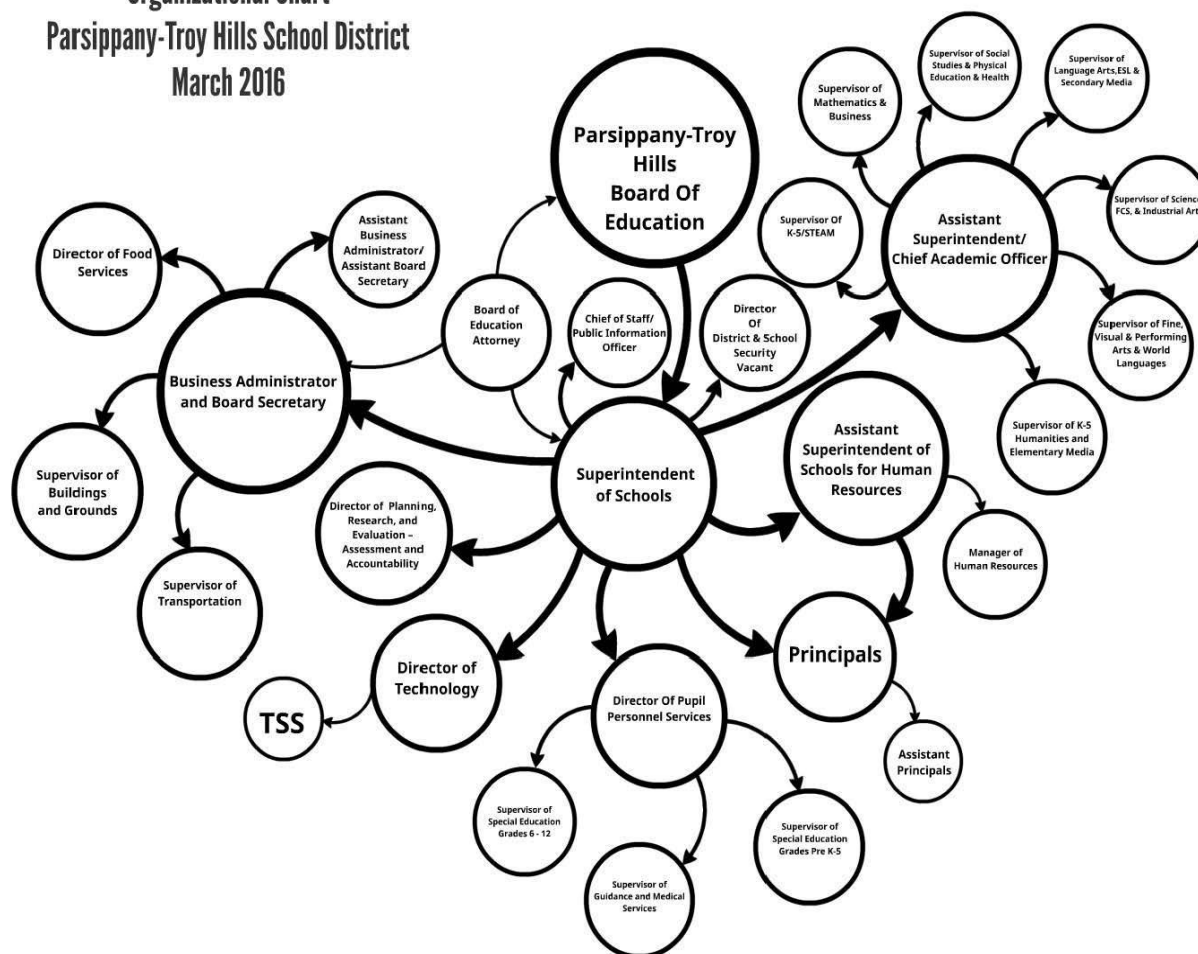
ADMINISTRATION

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Organizational Chart

1110 ORGANIZATIONAL CHART

Organizational Chart
Parsippany-Troy Hills School District
March 2016



Adopted: 8 January 2009

Revised: 25 August 2011

Revised: 24 July 2014

Revised: 22 March 2016



**PARSIPPANY-TROY HILLS SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2022**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Timothy Berrios, President	2023
Judy Mayer, Vice President	2024
Sheethal Abraham	2024
Andrew Choffo	2022
Alison Cogan	2022
Matthew DeVitto	2023
Susy Golderer	2024
Deborah Orme	2023
Kendra Von Achen	2022

<u>Other Officials</u>	<u>Title</u>
Barbara Sargent, Ed.D.	Superintendent of Schools
Robin Tedesco	Interim Business Administrator/Board Secretary
Denis Mulroony, Ed.D.	Assistant Superintendent for Curriculum and Instruction
Robert Sutter, Ed.D.	Assistant Superintendent of Human Resources
Nancy Gigante, Ed.D.	Director of Planning, Research & Evaluation-Assessment & Accountability

PARSIPPANY-TROY HILLS SCHOOL DISTRICT

Independent Auditors and Advisors
June 30, 2022

Attorney

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

Independent Auditors

PKF O'Connor Davies, LLP
20 Commerce Drive, Suite 301
Cranford, NJ 07016

Official Depositories

Wells Fargo Bank
250 Parsippany Road
Parsippany, NJ 07054

State of New Jersey Cash Management Fund
Citi Fund Services
P.O. Box 182218
Columbus, OH 43218-2218

NJ Asset and Rebate Management Program
821 Alexander Road, Suite 110
Princeton, NJ 08540



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

**Parsippany-Troy Hills Township
School District**

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2021.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'William A. Sutter'.

William A. Sutter
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

Financial Section



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Parsippany-Troy Hills School District (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 (*Government Auditing Standards*). Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

PKF O'CONNOR DAVIES, LLP
20 Commerce Drive, Suite 301, Cranford, NJ 07016 I Tel: 908.272.6200 I Fax: 908.272.2416 I www.pkfod.com

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements, long-term debt schedules, and the schedules of expenditures of federal awards and state financial assistance, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report for the year ended June 30, 2022. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Cranford, New Jersey
March 13, 2023

Scott A. Clelland

Scott A. Clelland, CPA
Licensed Public School Accountant, No. 1049

Required Supplementary Information
Part I

Management's Discussion and Analysis

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

Year ended June 30, 2022

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, 2022. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

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

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements are Schedules A-1 and A-2.

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 two categories: governmental funds and proprietary 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 three 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 and debt service fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund and special revenue fund to demonstrate compliance with this budget. The legal level of budgetary control is established at line item accounts within each fund.

The basic governmental fund financial statements are Schedules B-1, B-2, and B-3.

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 are Schedules B-4, B-5, and B-6.

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.

Required Supplementary Information (RSI). The District is required to present certain required supplementary information related to pensions and OPEB are presented immediately following the notes to the basic financial statements.

Supplementary and Other information. The combining statements referred to earlier in connection with governmental funds are presented immediately following the RSI.

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 assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$29,392,084 for the fiscal year ended June 30, 2022. Governmental activities net position increased in the current year by \$12,580,380.

The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2022 and 2021:

Parsippany-Troy Hills School District						
Net Position						
June 30,						
	2022			2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 39,696,071	\$ 3,996,251	\$43,692,322	\$ 35,739,301	\$ 2,044,847	\$37,784,148
Capital assets, net	64,618,326	908,823	65,527,149	64,593,522	613,454	65,206,976
Total assets	104,314,397	4,905,074	109,219,471	100,332,823	2,658,301	102,991,124
Deferred Outflows of Resources:						
Deferred loss on refunding of debt	1,037,702		1,037,702	1,262,275		1,262,275
Pension deferrals	2,942,899		2,942,899	4,613,404		4,613,404
Total deferred outflows	3,980,601		3,980,601	5,875,679		5,875,679
Liabilities:						
Current liabilities	11,995,791	501,969	12,497,760	11,615,847	381,887	11,997,734
Net pension liability	21,373,212		21,373,212	29,180,727		29,180,727
Long-term liabilities outstanding	31,216,002		31,216,002	34,195,994		34,195,994
Total liabilities	64,585,005	501,969	65,086,974	74,992,568	381,887	75,374,455
Deferred Inflow of Resources:						
Pension deferrals	14,317,909		14,317,909	14,404,230		14,404,230
Total deferred inflow	14,317,909		14,317,909	14,404,230		14,404,230
Net Position:						
Net investment in capital assets	31,637,673	908,823	32,546,496	28,534,499	613,454	29,147,953
Restricted	23,983,581		23,983,581	21,634,263		21,634,263
Unrestricted (deficit)	(26,229,170)	3,494,282	(22,734,888)	(33,357,058)	1,662,960	(31,694,098)
Total net position	\$ 29,392,084	\$ 4,403,105	\$33,795,189	\$ 16,811,704	\$ 2,276,414	\$19,088,118

Governmental activities

Current and other assets increased due to the results of operations as well as an increase in accounts receivable due to increased grant activity during the year.

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

The decreases in the deferred outflows of resources and the deferred inflow of resources are the result of the actuarial calculation related to GASB Nos. 68 and 71, mainly due to a change in assumptions. Amortization of losses on defeasances account for the decrease in the unamortized loss on refunded debt.

The decrease in the net pension liability is the result of the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions (GASB 68)* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68 (GASB 71)*.

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

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., capital reserve and excess fund balance). Restricted net position increased during the year ended June 30, 2022 mainly as the result of an increase in capital reserve and excess fund balance.

Business-type activities

The business-type activities net position for the year ended June 30, 2022 of \$4,403,105 increased from the prior year mainly due to positive operating results in the Food Service 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, 2022 and 2021 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, 2022 and 2021:

Parsippany-Troy Hills School District
Changes in Net Position
Year Ended June 30,

	2022			2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program Revenues:						
Charges for services	\$ 870,704	\$ 1,606,095	\$ 2,476,799	\$ 484,806	\$ 320,468	\$ 805,274
Operating and capital grants and contributions	3,346,112	6,371,923	9,718,035	3,176,384	3,452,920	6,629,304
Capital grants and contributions	25,570		25,570	56,704		56,704
General revenues:						
Property taxes	148,314,304		148,314,304	145,413,031		145,413,031
Grants and contributions not restricted to specific programs	39,965,627		39,965,627	55,132,162		55,132,162
Miscellaneous	275,203		275,203	285,063		285,063
Transfers	(211,991)	211,991	-	(523,179)	523,179	-
Total Revenues	192,585,529	8,190,009	200,775,538	204,024,971	4,296,567	208,321,538
Expenses:						
Instructional	97,591,782	1,580,998	99,172,780	107,083,406	939,246	108,022,652
Support services	79,989,628	4,482,320	84,471,948	82,965,929	2,268,121	85,234,050
Charter school	471,896		471,896	466,796		466,796
Interest and other charges on long-term debt	1,951,843		1,951,843	2,596,352		2,596,352
Total Expenses	180,005,149	6,063,318	186,068,467	193,112,483	3,207,367	196,319,850
Change in net position	12,580,380	2,126,691	14,707,071	10,912,488	1,089,200	12,001,688
Net position-beginning of year	16,811,704	2,276,414	19,088,118	5,899,216	1,187,214	7,086,430
Net position-end of year	\$ 29,392,084	\$ 4,403,105	\$ 33,795,189	\$ 16,811,704	\$ 2,276,414	\$ 19,088,118

Governmental activities

Property tax revenues increased due to an increase in the tax levy. The decrease in grants and contributions not restricted to specific programs is mainly the result of decreases in the on-behalf TPAF pension and other retirement benefits paid for by the State on behalf of the District. The decrease in instructional expenses is due to the district having a tighter budget in the current year and spending within those limits.

Business-type activities

Overall, the net position of the business-type activities increased by \$2,126,691 due to positive 2022 operating results in the Food Services Program which were offset by an operating loss in the Adult and Community Education Program.

Financial Analysis of the District's Funds

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

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

General Fund. The general fund is the main operating fund of the District. At the end of the current fiscal year, unassigned fund balance was \$7,198,456, while the total fund balance was \$33,984,856. The net change in total fund balance for the General Fund was an increase of \$3,109,001, which was mainly attributable to the District's receiving extraordinary aid of \$1,769,832 in excess of the budgeted amount anticipated and fiscal conservatism in expending budgetary resources.

Special Revenue Fund. The special revenue fund is used to track the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes, other than debt service or capital projects. Revenues and expenditures for the current fiscal year increased \$388,358 and \$257,594, respectively, from 2020-21. The increases are mainly due to increases in student activity and scholarship fund activity, as well as increased spending of federal and state grants related to the COVID-19 pandemic response. IDEA continues to be the largest grant with \$1,539,332 being spent in 2021-22.

Debt Service Fund. The debt service fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The fund balance in the debt service fund is \$0 at June 30, 2022.

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, 2022, and the increases in relation to prior year.

Revenue	Amount	Percent of Total	Increase from 2021	Percent of Increase
Local sources	\$149,477,891	75.39%	\$ 3,289,111	2.25%
State sources	45,544,529	22.97	9,123,836	25.05
Federal sources	3,225,256	1.64	125,606	4.01
Total	\$198,277,676	100.00%	\$12,538,553	6.75%

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

The increase in state sources is due to an increase in on-behalf pension benefits paid by the State on behalf of the District compared to the prior year. The increase in federal sources is due to additional COVID-19 related grant spending compared to the prior year.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2022, and the increases and decreases in relation to the prior year.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2021	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$ 65,147,129	33.25%	\$ 2,942,515	4.73%
Support services	119,757,077	61.12	12,394,707	11.54
Capital outlay	5,298,374	2.70	2,807,130	112.68
Charter schools	471,896	0.24	(12,287)	(2.54)
Debt service:				
Principal	3,894,290	1.99	35,779	0.93
Interest	1,382,091	0.70	(111,428)	(7.46)
Total	\$195,950,857	100.00%	\$18,056,416	10.15%

The increase in instruction is mainly attributable to salary increases and increased spending on instructional materials. The increase in support services is mainly attributable to the increase in the on-behalf post-retirement benefit contributions paid by the State on behalf of the District.

The increase in capital outlay is attributable to the District completing district-wide capital projects in fiscal year 2022, with lower spending in fiscal year 2021.

General Fund Budgetary Highlights

The District budget is prepared according to New Jersey Statutes. The most significant budgeted fund is the general fund. During the fiscal year, there were several differences between the original budget and the final amended budget as a result of transfers being applied to certain line items. These transfers were made between line items as part of the normal process as permitted by State guidelines. Readers should refer to Section C of the financial report for comparisons between the actual and budgeted amounts.

State sources exceeded anticipated revenues by \$36,859,686 as a result of the District not anticipating revenues related to Alyssa's Law, Non-public transportation aid, State on-behalf TPAF pension, medical and disability contributions, and State reimbursed TPAF social security contributions.

Capital Assets

At the end of the fiscal years ended June 30, 2022 and 2021, the District had \$65,527,148 and \$65,206,976, respectively, invested in land, land improvements, building and building improvements and machinery and equipment, net of accumulated depreciation or amortization.

	Capital Assets (Net of Depreciation)			
	Governmental Activities		Business-type Activities	
	2022	2021	2022	2021
Land	\$ 3,956,475	\$ 3,956,475		
Construction in progress	2,768,914			
Land improvements	3,757,462	3,520,792		
Buildings and building improvements	50,804,450	54,003,561		
Machinery and equipment	3,331,025	3,112,694	\$ 908,823	\$ 613,454
Total	\$64,618,326	\$64,593,522	\$ 908,823	\$ 613,454

The decrease in building and building improvements and equipment is mainly due to depreciation expense exceeding additions during the 2022 fiscal year.

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

Debt Administration

At June 30, 2022, the District had \$56,741,637 of outstanding long-term liabilities. Of this amount, \$986,133 is for compensated absences; \$23,335,889 of serial bonds including an unamortized premium on bonds of \$2,300,889; \$363,937 is for other post-employment retirement benefits payable; and \$10,682,466 is for financed purchases payable. This amount also includes the District's net pension liability of \$21,373,212 at June 30, 2022. The June 30, 2022 liability for compensated absences decreased from June 30, 2021 by \$52,435 is due to payouts exceeding accruals during the year. Serial bonds and unamortized premium on bonds decreased according to their respective amortization schedules.

For more detailed information on the net pension liability, 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, 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 collective bargaining agreements with the administrators' union, secretaries union and paraprofessionals union expire on June 30, 2023. Contract negotiations were settled with the maintenance, custodial, and bus drivers' union with the new agreement expiring on June 30, 2024. Contract negotiations were settled with the teacher's union with the new agreement expiring on June 30, 2025.

All of the above factors were considered in preparing the District's 2022-23 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, 2022.

Parsippany-Troy Hills School District

Statement of Net Position

June 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 35,144,215	\$ 3,411,263	\$ 38,555,478
Accounts receivable	3,403,588	512,630	3,916,218
Other assets		19,966	19,966
Inventories		52,392	52,392
Restricted assets:			
Cash held with fiscal agent	1,148,268		1,148,268
Capital assets, non-depreciable	6,725,389		6,725,389
Capital assets, depreciable, net	57,892,937	908,823	58,801,760
Total assets	104,314,397	4,905,074	109,219,471
Deferred outflows of resources			
Pension deferrals	2,942,899		2,942,899
Unamortized deferred loss on refunded debt	1,037,702		1,037,702
Total deferred outflows of resources	3,980,601		3,980,601
Liabilities			
Accounts payable and accrued liabilities	3,437,902		3,437,902
Accrued interest payable	442,800		442,800
Payable to state government	28,434		28,434
Other liabilities	3,742,003		3,742,003
Unearned revenue	192,229	501,969	694,198
Net pension liability	21,373,212		21,373,212
Current portion of long-term obligations	4,152,423		4,152,423
Noncurrent portion of long-term obligations	31,216,002		31,216,002
Total liabilities	64,585,005	501,969	65,086,974
Deferred inflow of resources			
Pension deferrals	14,317,909		14,317,909
Net position			
Net investment in capital assets	31,637,673	908,823	32,546,496
Restricted for:			
Capital reserve	8,029,845		8,029,845
Unemployment compensation claims	1,732,443		1,732,443
Student activities	464,485		464,485
Scholarships	62,418		62,418
Excess fund balance	13,694,390		13,694,390
Unrestricted (deficit)	(26,229,170)	3,494,282	(22,734,888)
Total net position	\$ 29,392,084	\$ 4,403,105	\$ 33,795,189

See accompanying notes to the basic financial statements.

Parsippany-Troy Hills School District

Statement of Activities

Year ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
Instruction							
Regular	\$ 67,544,879				\$ (67,544,879)		\$ (67,544,879)
Special education	20,882,580		\$ 2,617,714		(18,264,866)		(18,264,866)
Other instruction	6,292,412				(6,292,412)		(6,292,412)
School sponsored instruction	2,871,911				(2,871,911)		(2,871,911)
Support services:							
Tuition	7,885,008	\$ 294,658	724,170		(6,866,180)		(6,866,180)
Student activities	25,267,878			\$ 25,570	(25,242,308)		(25,242,308)
Instruction services	5,894,326				(5,894,326)		(5,894,326)
General administration services	1,701,463				(1,701,463)		(1,701,463)
School administration services	7,721,970				(7,721,970)		(7,721,970)
Central services	2,740,332				(2,740,332)		(2,740,332)
Admin information technology	2,567,380				(2,567,380)		(2,567,380)
Plant operations and maintenance	15,684,299				(15,684,299)		(15,684,299)
Pupil transportation	9,947,638				(9,947,638)		(9,947,638)
Other	579,334	576,046	4,228		940		940
Interest and other charges on long-term debt	1,951,843				(1,951,843)		(1,951,843)
Charter schools	471,896				(471,896)		(471,896)
Total governmental activities	180,005,149	870,704	3,346,112	25,570	(175,762,763)		(175,762,763)
Business-type activities							
Food service	4,482,320	237,088	6,371,923			\$ 2,126,691	2,126,691
Adult and community education	1,580,998	1,369,007				(211,991)	(211,991)
Total business-type activities	6,063,318	1,606,095	6,371,923			1,914,700	1,914,700
Total primary government	\$ 186,068,467	\$ 2,476,799	\$ 9,718,035	\$ 25,570	(175,762,763)	1,914,700	(173,848,063)

General revenues and transfers

Property taxes, levied for general purposes	145,543,054		145,543,054
Property taxes, levied for debt service	2,771,250		2,771,250
State aid not restricted	39,874,790		39,874,790
Federal aid not restricted	90,837		90,837
Investment earnings	29,236		29,236
Miscellaneous income	245,967		245,967
Transfers	(211,991)	211,991	-
Total general revenues and transfers	188,343,143	211,991	188,555,134
Change in net position	12,580,380	2,126,691	14,707,071
Net position—beginning	16,811,704	2,276,414	19,088,118
Net position—ending	\$ 29,392,084	\$ 4,403,105	\$ 33,795,189

Fund Financial Statements

Governmental Funds

Parsippany-Troy Hills School District
Governmental Funds

Balance Sheet

June 30, 2022

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
Assets			
Cash and cash equivalents	\$ 34,617,312	\$ 526,903	\$ 35,144,215
Accounts receivable:			
State	2,670,191	1,396	2,671,587
Federal		620,733	620,733
Interfund	377,206		377,206
Other	99,508	11,760	111,268
Restricted assets:			
Cash held with fiscal agents	1,148,268		1,148,268
Total assets	<u>\$ 38,912,485</u>	<u>\$ 1,160,792</u>	<u>\$ 40,073,277</u>
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 1,160,576	\$ 61,070	\$ 1,221,646
Intergovernmental payables:			
State		28,434	28,434
Interfunds payable		377,206	377,206
Payroll withholdings payable	3,432,531		3,432,531
Unemployment claims payable	294,143		294,143
Other liabilities	15,329		15,329
Unearned revenue	25,050	167,179	192,229
Total liabilities	<u>4,927,629</u>	<u>633,889</u>	<u>5,561,518</u>
Fund balances:			
Restricted for:			
Capital reserve	8,029,845		8,029,845
Excess fund balance-current year	7,515,949		7,515,949
Excess fund balance-prior year	6,178,441		6,178,441
Unemployment compensation reserve	1,732,443		1,732,443
Student activities		464,485	464,485
Scholarships		62,418	62,418
Assigned to:			
Designated for subsequent year			
expenditures	1,258,728		1,258,728
Other purposes	2,070,994		2,070,994
Unassigned	7,198,456		7,198,456
Total fund balances	<u>33,984,856</u>	<u>526,903</u>	<u>34,511,759</u>
Total liabilities and fund balances	<u>\$ 38,912,485</u>	<u>\$ 1,160,792</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 \$123,504,448 and the accumulated depreciation is \$58,886,122.	64,618,326
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.	(442,800)
Net deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(11,375,010)
Losses arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the new bonds are deferred and amortized over the life of the new bonds.	1,037,702
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.	(21,373,212)
Accrued pension contributions for the June 30, 2022 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.	(2,216,256)
Long-term liabilities, including bonds payable, financed purchases payable, 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>(35,368,425)</u>

Net position of governmental activities \$ 29,392,084

Parsippany-Troy Hills School District
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2022

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Debt Service Fund	
Revenues:				
Local sources:				
Local tax levy	\$ 145,543,054		\$ 2,771,250	\$ 148,314,304
Tuition	294,658			294,658
Interest	29,236			29,236
Miscellaneous	245,967	\$ 593,726		839,693
Total local sources	146,112,915	593,726	2,771,250	149,477,891
State sources	44,789,646	189,583	565,300	45,544,529
Federal sources	90,837	3,164,419		3,255,256
Total revenues	190,993,398	3,947,728	3,336,550	198,277,676
Expenditures:				
Current:				
Regular instruction	44,679,224			44,679,224
Special education instruction	11,754,319	2,617,714		14,372,033
Other instruction	4,224,457			4,224,457
School sponsored instruction	1,871,415			1,871,415
Support services and undist costs:				
Tuition	7,885,580			7,885,580
Student services	16,203,339	724,170		16,927,509
Instruction services	3,911,384			3,911,384
General administration	1,369,705			1,369,705
School administration	5,129,997			5,129,997
Central services	1,880,796			1,880,796
Admin info technology	1,935,957			1,935,957
Plant oper. and maintenance	12,031,653			12,031,653
Pupil transportation	8,492,295			8,492,295
Unallocated benefits	59,612,867			59,612,867
Other		579,334		579,334
Capital outlay	5,272,804	25,570		5,298,374
Charter school	471,896			471,896
Debt service:				
Principal	1,654,290		2,240,000	3,894,290
Interest	285,541		1,096,550	1,382,091
Total expenditures	188,667,519	3,946,788	3,336,550	195,950,857
Excess of revenues over expenditures	2,325,879	940	-	2,326,819
Other financing sources (uses):				
Financed Purchases Payable (non-budgeted)	995,113			995,113
Transfers out	(211,991)			(211,991)
Total other financing sources (uses)	783,122	-	-	783,122
Net change in fund balances	3,109,001	940	-	3,109,941
Fund balances, July 1	30,875,855	525,963	-	31,401,818
Fund balances, June 30	\$ 33,984,856	\$ 526,903	\$ -	\$ 34,511,759

See accompanying notes to the basic financial statements.

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, 2022

Total net change in fund balances - governmental funds (from B-2) **\$ 3,109,941**

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 assets additions exceeded
depreciation expense and loss on disposal in the period.

Capital additions	\$ 4,488,900	
Loss on disposal of capital assets	(9,044)	
Depreciation expense	<u>(4,455,052)</u>	24,804

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. 125,623

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. 2,240,000

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 current year amortization of the premium
in the treatment of long-term debt and related items. 408,653

Other Postemployment Benefit (OPEB) payable is reported in the
statement of net position but does not require the use of current
financial resources and therefore is not reported in the Governmental
Funds. The amount presented is the change from prior year. 69,318

Financed purchase agreements entered into by the district are other
financing sources in the Governmental Funds, but the acquisition
increases long-term liabilities in the statement of net position and
is not reported in the statement of activities. 1,654,290

Repayment of financed purchases is an expenditure in the Governmental Funds,
but the repayment reduces long-term liabilities in the statement of
net position and is not reported in the statement of activities. (1,000,000)

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). 52,345

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 6,119,979

Change in net position of governmental activities (A-2) **\$ 12,580,380**

Proprietary Fund

Parsippany-Troy Hills School District
Proprietary Funds

Statement of Net Position

June 30, 2022

	Major Enterprise Funds		Total
	Food Service	Adult and Community Education	
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,025,411	\$ 385,852	\$ 3,411,263
Accounts receivable:			
State	8,215		8,215
Federal	502,298		502,298
Other	2,117		2,117
Other assets		19,966	19,966
Inventories	52,392		52,392
Total current assets	3,590,433	405,818	3,996,251
Non-current assets:			
Capital assets:			
Equipment	1,696,136		1,696,136
Accumulated depreciation	(787,313)		(787,313)
Total capital assets, net	908,823		908,823
Total assets	4,499,256	405,818	4,905,074
Liabilities			
Current liabilities:			
Unearned revenue	96,151	405,818	501,969
Total current liabilities	96,151	405,818	501,969
Net position			
Investment in capital assets	908,823		908,823
Unrestricted	3,494,282		3,494,282
Total net position	\$ 4,403,105	\$ -	\$ 4,403,105

Parsippany-Troy Hills School District
Proprietary Funds

Statement of Revenues, Expenses and
Changes in Net Position

Year ended June 30, 2022

	Major Enterprise Funds		Total
	Food Service	Adult and Community Education	
Operating revenues:			
Local sources:			
Daily sales-non reimbursable programs	\$ 213,587		\$ 213,587
Special event income	23,501		23,501
Adult school income		\$ 1,369,007	1,369,007
Total operating revenues	237,088	1,369,007	1,606,095
Operating expenses:			
Cost of sales - reimbursable programs	1,994,259		1,994,259
Cost of sales - non-reimbursable programs	64,588		64,588
Salaries and wages	1,094,276	522,487	1,616,763
Purchased professional/technical services	41,177	901,735	942,912
Other purchased services	19,208	16,971	36,179
Employee benefits	328,142	132,765	460,907
Supplies, insurance and other costs	571,192	7,040	578,232
Depreciation	86,087		86,087
Management fee	279,006		279,006
Miscellaneous expense	4,385		4,385
Total operating expenses	4,482,320	1,580,998	6,063,318
Operating (loss)	(4,245,232)	(211,991)	(4,457,223)
Nonoperating revenues:			
State sources:			
State school lunch program	97,400		97,400
Federal sources:			
National school lunch program	4,181,428		4,181,428
School breakfast program	1,811,103		1,811,103
Emergency Operating Costs	39,009		39,009
PEBT	6,198		6,198
Food donation program	236,785		236,785
Total nonoperating revenues	6,371,923		6,371,923
Change in net position before transfers	2,126,691	(211,991)	1,914,700
Transfers in - Board contribution		211,991	211,991
Total transfers		211,991	211,991
Change in net position	2,126,691	-	2,126,691
Total net position-beginning	2,276,414	-	2,276,414
Total net position-ending	\$ 4,403,105	\$ -	\$ 4,403,105

See accompanying notes to the basic financial statements.

Parsippany-Troy Hills School District
Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2022

	Major Enterprise Funds		Totals
	Food Service	Adult and Community Education	
Cash flows from operating activities			
Receipts from customers	\$ 210,117	\$ 1,547,423	\$ 1,757,540
Payments for salaries and wages	(1,094,276)	(132,765)	(1,227,041)
Payments for employee benefits	(328,142)	(522,487)	(850,629)
Payments to suppliers	(3,001,275)	(945,723)	(3,946,998)
Net cash (used for) operating activities	(4,213,576)	(53,552)	(4,267,128)
Cash flows from noncapital financing activities			
State school lunch program	115,220		115,220
School breakfast program	1,792,985		1,792,985
National school lunch program	4,053,981		4,053,981
Emergency operating costs	39,009		39,009
PEBT	6,198		6,198
Food donation program	236,301		236,301
Board contribution		211,991	211,991
Net cash provided by noncapital financing activities	6,243,694	211,991	6,455,685
Cash flows from capital and related financing activities			
Acquisition of capital assets	(381,456)		(381,456)
Net cash (used for) capital and related financing activities	(381,456)		(381,456)
Net increase in cash and cash equivalents	1,648,662	158,439	1,807,101
Cash and cash equivalents, beginning of year	1,376,749	227,413	1,604,162
Cash and cash equivalents, end of year	<u>\$ 3,025,411</u>	<u>\$ 385,852</u>	<u>\$ 3,411,263</u>
Reconciliation of operating (loss) to net cash (used for) operating activities			
Operating (loss)	\$ (4,245,232)	\$ (211,991)	\$ (4,457,223)
Adjustments to reconcile operating (loss) to net cash (used for) operating activities:			
Depreciation	86,087		86,087
Change in assets and liabilities:			
(Increase) in other accounts receivable	(2,117)		(2,117)
Increase in inventory	4,968		4,968
(Increase) in prepaid expenses		(19,409)	(19,409)
(Decrease) in accounts payable	(32,428)	(568)	(32,996)
(Decrease) increase in unearned revenue	(24,854)	178,416	153,562
Net cash (used for) operating activities	<u>\$ (4,213,576)</u>	<u>\$ (53,552)</u>	<u>\$ (4,267,128)</u>

Noncash noncapital financing activities:

The District received \$236,301 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2022.

Parsippany-Troy Hills School District
Notes to the Basic Financial Statements
Year ended June 30, 2022

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, 2022

1. Summary of Significant Accounting Policies (continued)

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

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 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 and enterprise funds. 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, 2022

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 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, financed purchases, pension liabilities, and other post-employment benefits, are recorded only when payment is due.

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

The District has reported the following major governmental funds:

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

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

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.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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.

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

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

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

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for review and approval and are approved by the Board of Education members. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referred in N.J.A.C. 6A:23. The over expenditure in the general fund is due to the inclusion of the non-budgeted on behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over expenditures. All budget amendments must be approved by School Board resolution and certain other require approval by County Superintendent of Schools. Budget amendments were made during the year ended June 30, 2022 and were not significant.

D. Budgets/Budgetary Control

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

Except for student activity and scholarship funds, 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.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

E. Cash, Cash Equivalents and Investments

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

Investments are stated at fair value in accordance with the Governmental Accounting Standards Board. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

F. Interfund Receivables/Payables

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

G. Inventories

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2022, the unused Food Donation Program commodities of \$12,915 are reported as unearned revenue in the Food Service Enterprise Fund.

H. Capital Assets

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

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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.

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, 2022, the amount earned by these employees but not disbursed was \$3,362,216 and is included in liabilities – payroll withholding payable in the general 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, 2022 amounted to \$224,573 and the remaining balance at June 30, 2022 is \$1,037,702.

K. Compensated Absences

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

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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 governmental activities financial statements amounted to \$986,133 at June 30, 2022. 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.

L. Unearned Revenue

Unearned revenue in the general and special revenue funds represent cash, which has been received but not yet earned. Unearned revenue in the adult and community education enterprise fund, represents tuition and fees paid in advance, and in the food service enterprise fund represents inventory on hand of food donation commodities and student monies received in advance of meal purchases.

M. Long-Term Obligations

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

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

N. Net Position

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

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.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

Of the \$33,984,856 of fund balances in the General Fund at June 30, 2022, \$8,029,845 has been restricted in the capital reserve account, \$7,515,949 has been restricted for excess fund balance - current year, \$6,178,441 has been classified as restricted excess fund balance prior year designated for subsequent years expenditures, \$1,732,443 is restricted for unemployment compensation reserve, \$2,070,994 of encumbrances is assigned to other purposes, \$1,258,728 has been assigned as designated for subsequent years expenditures, and \$7,198,456 is unassigned.

Of the \$526,903 of fund balances in the Special Revenue Fund, \$464,485 is classified as restricted for student activities and \$62,418 is classified as restricted for scholarships.

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 assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. 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 assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

R. On-Behalf Payments

Revenues and expenditures of the general fund include payments made or reimbursed by the State of New Jersey for social security and post-retirement pension and medical contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased by \$34,779,705 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, 2022

1. Summary of Significant Accounting Policies (continued)

S. Calculation of Excess Surplus

The designation for restricted fund balance excess-surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The District has excess fund balance generated during the 2022 fiscal year in the amount of \$7,515,949, which will be utilized in its 2023-24 budget. The District also has prior year excess fund balance in the amount of \$6,178,441 which will be utilized in the 2022-23 fiscal year budget.

T. GASB Pronouncements

Recently Issued Accounting Pronouncements

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after June 15, 2021. Management has reviewed the requirements of the Statement and the impact on the financial statements was deemed not material.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 99, *Omnibus 2022* in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has not yet determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has not determined the impact of the Statement on the financial statements.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

U. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2022 and March 13, 2023, the date that the financial statements were available for issuance. The effect of those events and transactions that provide additional pertinent information about conditions that existed at the balance sheet and statement of net position date, have been recognized in the accompanying financial statements.

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, financed purchases payable 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 \$35,368,425 difference are as follows:

Bonds payable	\$ 21,035,000
Premium on bonds	2,300,889
Other post-employment benefit payable	363,937
Financed purchases payable	10,682,466
Compensated absences payable	<u>986,133</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position - governmental activities	<u><u>\$ 35,368,425</u></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, 2022

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, 2022, the carrying amount of the District's deposits was \$37,150,349 and the bank balance was \$41,917,209, not including funds deposited in NJARM and NJCMF and funds held with fiscal agent. Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2022 was secured by federal depository insurance. The New Jersey GUDPA covered the bank balance of \$37,000,699. \$4,666,510 of the bank balance of the District's agency accounts are not covered by GUDPA. In addition, the District has restricted cash held with fiscal agents in the amount of \$1,148,268 related to financed purchases 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, 2022

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 NJARM and 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, 2022, the District's balance was \$343,464 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, 2022, the District's balance with NJCMF was \$1,063,928. The debt instruments in the NJCMF are rated by three national rating agencies.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

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

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. At June 30, 2022, 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, 2022.

4. Capital Assets

The following is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2022:

	Beginning Balance	Increases	Transfers/ Dispositions	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 3,956,475			\$ 3,956,475
Construction in progress		\$ 2,768,914		2,768,914
Total capital assets, not being depreciated	3,956,475	2,768,914		6,725,389
Capital assets, being depreciated				
Land improvements	7,003,549	552,204		7,555,753
Buildings and building improvements	95,475,075	289,417		95,764,492
Machinery, equipment, and vehicles	13,450,673	878,365	\$ (870,224)	13,458,814
Total capital assets being depreciated	115,929,297	1,719,986	(870,224)	116,779,059
Less accumulated depreciation for:				
Land improvements	(3,482,757)	(315,534)		(3,798,291)
Buildings and building improvements	(41,471,514)	(3,488,528)		(44,960,042)
Machinery, equipment, and vehicles	(10,337,979)	(650,990)	861,180	(10,127,789)
Total accumulated depreciation	(55,292,250)	(4,455,052)	861,180	(58,886,122)
Total capital assets being depreciated, net	60,637,047	(2,735,066)	(9,044)	57,892,937
Governmental activities capital assets, net	\$ 64,593,522	\$ 33,848	\$ (9,044)	\$ 64,618,326

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

4. Capital Assets (continued)

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

Instruction	\$ 2,677,662
Student activities	695,751
Instruction services	160,765
Central services	77,304
Plant operations and maintenance	494,522
Pupil transportation	349,048
	<u>\$ 4,455,052</u>

Depreciation expense on capital assets acquired through capital leases are included in the amount above.

The following is a summarization of the business-type activities changes in capital assets for the fiscal year ended June 30, 2022:

	Beginning Balance	Increases	Ending Balance
Business-type activities			
Capital assets, being depreciated:			
Equipment and vehicles	\$ 1,314,680	\$ 381,456	\$ 1,696,136
Less accumulated depreciation for:			
Equipment and vehicles	(701,226)	(86,087)	(787,313)
Total business-type activities capital assets, net	<u>\$ 613,454</u>	<u>\$ 295,369</u>	<u>\$ 908,823</u>

5. Long-Term Liabilities

During the fiscal year ended June 30, 2022, the following changes occurred in governmental activities long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Compensated absences payable	\$ 1,038,478	\$ 81,802	\$ 134,147	\$ 986,133	\$ 168,532
Bonds payable	23,275,000		2,240,000	21,035,000	2,240,000
Other postemployment benefit payable	433,255		69,318	363,937	
Premium on bonds	2,709,542		408,653	2,300,889	408,653
Financed purchases payable	11,336,756	1,000,000	1,654,290	10,682,466	1,335,238
Subtotal	38,793,031	1,081,802	4,506,408	35,368,425	4,152,423
Net pension liability	29,180,727		7,807,515	21,373,212	
Total governmental activities long-term liabilities	<u>\$ 67,973,758</u>	<u>\$ 1,081,802</u>	<u>\$ 12,313,923</u>	<u>\$ 56,741,637</u>	<u>\$ 4,152,423</u>

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

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 financed purchases payable 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.

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

	Principal	Interest	Total
Fiscal year ending June 30:			
2023	\$ 2,240,000	\$ 995,750	\$ 3,235,750
2024	2,250,000	883,500	3,133,500
2025	2,255,000	770,875	3,025,875
2026	2,265,000	657,875	2,922,875
2027	2,070,000	549,500	2,619,500
2028-2032	9,955,000	1,205,875	11,160,875
	<u>\$ 21,035,000</u>	<u>\$ 5,063,375</u>	<u>\$ 26,098,375</u>

Bonds payable at June 30, 2022 are comprised of the following issues:

\$19,715,000, 2014 refunding school bonds due in annual installments ranging from \$2,240,000 to \$2,265,000 through August 2025 at an interest rate of 5.0%.

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

The above general obligation bonds are direct borrowing of the District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the District.

Bonds Authorized But Not Issued

As of June 30, 2022, the District had no authorized but not issued bonds.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

5. Long-Term Liabilities (continued)

Financed Purchases Payable - Leases

The District has financed purchases payable - leases outstanding for various purposes (maintenance vehicles, buses, improvements and various equipment and an Energy Savings Improvement Plan lease) with rates ranging from 0.845% to 2.961%. The following is a schedule of the future minimum lease payments under these financed purchases payable - leases and the present value of the net future minimum lease payments at June 30, 2022:

Year Ending June 30:	Principal	Interest	Total
2023	\$ 1,335,238	\$ 181,449	\$ 1,516,687
2024	1,088,379	159,610	1,247,989
2025	885,183	142,388	1,027,571
2026	815,640	127,749	943,389
2027	738,746	113,802	852,548
2028-2032	4,182,821	357,549	4,540,370
2033-2034	1,636,459	31,236	1,667,695
	<u>\$ 10,682,466</u>	<u>\$ 1,113,783</u>	<u>\$ 11,796,249</u>

On June 12, 2014, the Board of Education approved a resolution to finance energy conservation measures pursuant to an Energy Savings Improvement Plan ("ESIP") for an amount not to exceed \$14,200,000. A Lease with Bank of America Public Capital Corp ("BOA") was issued on June 26, 2014 in the amount of \$14,200,000. The lease was issued at a fixed interest rate of 2.655%. The financed purchase was refinanced on April 29, 2021, with the final payment of \$266,423 being made on July 15, 2021.

On June 30, 2017, the Board of Education entered into a financed purchase with US Bancorp Government Leasing & Finance for an amount not to exceed \$1,000,000. The financed purchase was issued at an interest rate of 1.762%. The final payment of \$203,850 was made on July 15, 2021.

On June 11, 2018, the Board of Education entered into a financed purchase for an amount not to exceed \$498,500. The financed purchase was issued at an interest rate of 2.961%. The final principal payment of \$104,669 is due in August 2022.

On June 20, 2019, the Board of Education entered into a financed purchase for an amount not to exceed \$640,500. The financed purchase was issued at an interest rate of 2.305%. The final principal payment of \$213,873 was made in July 2021.

On June 20, 2019, the Board of Education entered into a financed purchase for an amount not to exceed \$359,500. The financed purchase was issued at an interest rate of 2.403%. Principal payments range from \$72,003 to \$74,734 per year through July 2024.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

5. Long-Term Liabilities (continued)

Financed Purchases Payable – Leases (continued)

On July 1, 2020, the Board of Education entered into a financed purchase for an amount not to exceed \$1,000,000. The financed purchase was issued at an interest rate of 1.197%. Principal payments range from \$97,734 to \$270,028 per year through November 2024.

On April 29, 2021, the Board of Education refinanced the 2014 Energy Savings Improvement Plan (“ESIP”) lease for an amount not to exceed \$9,502,079. A Lease with TD Wealth Management was issued on April 29, 2021. The financed purchase was issued at a fixed interest rate of 1.785%. Semi-annual principal payments range from \$312,335 to 695,202 through July 2033.

On August 2, 2021, the Board of Education entered into a financed purchase for \$483,013. The financed purchase was issued at an interest rate of 0.845%. Principal payments range from \$160,041 to \$161,394 per year through November 2023.

On August 2, 2021, the Board of Education entered into a financed purchase for \$516,987. The financed purchase was issued at an interest rate of 1.090%. Principal payments range from \$101,486 to \$104,842 per year through November 2025.

The District has capitalized assets acquired from financed purchases, net of amortization, of \$27,305,146 at June 30, 2022.

6. Pension Plans

Description of Systems

A substantial number 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. In addition, a number of employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. The plan is administered by Prudential Financial for the State.

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above-mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employees' 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 fulltime employees of the State or any county, municipality, school district or public agency, provided the employee is not a member of another State- administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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 are 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. DCRP plan members are required to contribute 5.5% of their annual covered salary. In addition to employee contributions, the employer is required to contribute 3% of the covered salary to the DCRP.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

During the year ended June 30, 2022, the State of New Jersey contributed \$29,866,693 to the TPAF for on-behalf medical benefits, long-term disability insurance and pension contributions on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$4,913,012 during the year ended June 30, 2022 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 District's actuarially determined contributions to PERS for the years ended June 30, 2022, 2021 and 2020 were \$2,112,904, \$1,957,535, and \$1,739,241, respectively, equal to the required contributions for each year.

For the years ended June 30, 2022, 2021, and 2020, employee contributions to DCRP were \$302,509, \$241,673, and \$268,875, respectively. Employer contributions for the years ended June 30, 2022, 2021, and 2020 were \$164,247, \$133,115, and \$146,356, respectively.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Public Employees' Retirement System (PERS)

At June 30, 2022, the District reported a liability of \$21,373,212 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2020, which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.1804179598 percent, which was an increase of 0.0014761634 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized full accrual pension benefit of \$6,119,979 in the government-wide financial statements. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 111,311	\$ 7,609,002
Difference between expected and actual experience	337,083	153,007
Changes in proportion	278,249	
Net difference between projected and actual earnings on pension plan investments		5,630,266
Changes in proportion and differences between District contributions and proportionate share of contributions		925,634
District contributions subsequent to the measurement date	2,216,256	
	<u>\$ 2,942,899</u>	<u>\$ 14,317,909</u>

\$2,216,256 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$ (5,516,732)
2024	(3,832,587)
2025	(2,427,279)
2026	(1,818,871)
2027	4,203
	<u>\$ (13,591,266)</u>

Additional Information

Actuarial Assumptions

The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00 - 6.00% based on years of service
Thereafter	3.00 - 7.00% based on years of service
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

Year ended June 30, 2022

6. Pension Plans (continued)

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2021 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 29,105,981	\$ 21,373,212	\$ 14,810,862

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, 2021 are as follows:

Deferred outflows of resources	\$ 1,164,738,169
Deferred inflows of resources	\$ 8,339,123,762
Net pension liability	\$ 11,972,782,878
District's Proportion	0.1804179598%

Collective pension expense for the Local Group for the measurement period ended June 30, 2021 is \$1,599,674,464.

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, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 is 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years, respectively.

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

Year ended June 30, 2022

6. Pension Plans (continued)

Teachers Pensions and Annuity Fund (TPAF) – Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer 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 non-employer 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, 2021 was \$274,759,430. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021.

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, 2021, the State's proportionate share of the TPAF net pension liability associated with the District was 0.5715202327 percent, which was an increase of 0.0026611168 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$17,738,966 for contributions incurred by the State.

Actuarial assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	1.55 - 4.45%
	based on years of service
Thereafter	2.75 - 5.65%
	based on years of service
Investment rate of return	7.00%

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2021 are summarized in the following table:

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real estate	8.00%	9.15%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flow 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 on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments 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, 2021 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 325,086,301	\$ 274,759,430	\$ 232,488,021

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

Pension plan fiduciary information

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

Additional Information

Collective balances of the Local Group at June 30, 2021 are as follows:

Deferred outflows of resources	\$ 6,356,228,800
Deferred inflows of resources	\$ 27,175,330,929
Net pension liability	\$ 48,075,188,642
District's Proportion	0.5715202327%

Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2021 is \$1,159,039,411.

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, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 is 7.93, 7.99, 8.04, 8.29, 8.30, 8.30, 8.30, and 8.50 years, respectively.

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A 43:15C-1 et seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a) et seq., and is a "governmental plan" within the meaning of IRC 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007 who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

minimum annual salary for tier 3 enrollment but who earn a salary of at least \$5,000 annually, and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the number of hours per week required for tiers 4 or 5 enrollment, but who earn a salary of at least \$5,000 annually.

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.

7. Post-Retirement Benefits

State of New Jersey's Post-Retirement Benefits Plan

General Information about the OPEB Plan

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a "pay-as-you-go" basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as "the employers") for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocation the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund System (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L.1966, c.392, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

7. Post-Retirement Benefits (continued)

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan is administered on a “pay-as-you-go” basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more service credit in, or retires on a disability pension from, one or more of the following plans: TPAF, PERS, PFRS, or ABP.

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$60,007,650,970 for this special funding situation.

The State’s contributions to the Fund for TPAF retirees’ post-retirement medical benefits on behalf of the District for the years ended June 30, 2022, 2021 and 2020 were \$5,655,074, \$5,305,440 and \$4,711,801 respectively, which equaled the required contributions for each year.

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments.

Additional information on Pensions and OPEB can be accessed at state.nj.us/treasury/pensions/financial-reports.shtml.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

7. Post-Retirement Benefits (continued)

Changes in the Total Non-employer OPEB Liability

Below represents the changes in the State's portion of the total OPEB liability associated with the District for the year ended June 30, 2022:

	<u>Total OPEB Liability</u>
Beginning OPEB Liability, June 30, 2020	\$ 362,724,693
Changes for the year:	
Service cost	16,398,877
Interest cost	8,367,170
Changes of benefit terms	(343,310)
Differences between expected and actual experiences	(58,543,074)
Changes of assumptions	318,216
Member contributions	213,907
Gross benefit payments	(6,590,986)
Net changes	<u>(40,179,200)</u>
Ending OPEB Liability, June 30, 2021	<u>\$ 322,545,493</u>

Employees covered by benefit terms

The following employees were covered by the benefit terms:

<u>Local Education Group</u>	<u>June 30, 2021</u>
Active Plan Members	213,901
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	150,427
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	<u>364,328</u>

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective total OPEB liability on the Statement of Net Position. The State's proportionate share of the total OPEB liability associated with the District as of June 30, 2021 was \$322,545,493. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

7. Post-Retirement Benefits (continued)

Actuarial assumptions and other inputs

The total non-employer OPEB liability in the June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021 and included in the June 30, 2021 audited financial statements of the State Health Benefit Local Education Retired Employees Plan. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	TPAF	PERS
Inflation rate	2.50%	2.50%
Salary increases:		
Through 2026	1.55 - 4.45%	2.00 - 6.00%
	based on years of service	based on years of service
Thereafter	2.75 - 5.65%	3.00 - 7.00%
	based on years of service	based on years of service

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "General" (PERS) and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the actual experience studies for the periods July 1, 2015 – June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Discount Rate

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

7. Post-Retirement Benefits (continued)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

The following represents sensitivity of the total non-employer OPEB liability to changes in the discount rate and healthcare cost trend rate

The following presents the non-employer OPEB liability associated with the District as of June 30, 2021 calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

	At 1% Decrease (1.16%)	At Current Discount Rate (2.16%)	At 1% Increase (3.16%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 386,358,866	\$ 322,545,493	\$ 272,296,293

The following presents the non-employer OPEB liability associated with the District as of June 30, 2021 calculated using the healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease	Healthcare cost trend rate	At 1% Increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 261,101,624	\$ 322,545,493	\$ 405,060,068

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

7. Post-Retirement Benefits (continued)

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

For the year ended June 30, 2022, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$12,258,810 for OPEB expenses incurred by the State.

Collective balances of the Local Education Group at June 30, 2021 are as follows:

Deferred outflows of resources	\$	21,546,947,255
Deferred inflows of resources	\$	26,769,148,209
Collective OPEB expense	\$	3,527,672,060
District's proportion		0.5375072808%

Special Funding Situation

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

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

Plan Description

The District provides postemployment medical benefits, including prescription drug coverage, and vision and dental care, in accordance with state statute to certain participating retirees and their beneficiaries. As of June 30, 2022, the valuation date, approximately 4 retirees and 4 decedents (of surviving spouses) meet the eligibility requirements put forth in P.L. 1992, c126. The District sponsors and participates in a single-employer defined benefit OPEB plan. The OPEB plan is administered by the District and does not issue a stand-alone financial statement.

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

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

7. Post-Retirement Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation

Actuarial assumptions and other inputs

The total OPEB liability of \$363,937 was reported in the June 30, 2022 actuarial valuation prepared by the District's actuary, Milliman, which was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate 4.09%

Healthcare cost trend rates

	Medical	Pharmacy	Vision	Dental
Year 1	4.700%	5.200%	3.000%	3.500%
Year 2	4.800%	4.800%	3.000%	3.500%
Year 3	4.700%	4.700%	3.000%	3.000%
Year 4	4.600%	4.600%	3.000%	3.000%
Year 5	4.500%	4.500%	3.000%	3.000%
Year 6	4.400%	4.400%	3.000%	3.000%
Year 7	4.300%	4.300%	3.000%	3.000%
Year 8	4.200%	4.200%	3.000%	3.000%
Year 9	4.200%	4.200%	3.000%	3.000%
Year 10+	4.200%	4.200%	3.000%	3.000%

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2021 through June 30, 2022.

Changes in the total OPEB liability:

	<u>Total OPEB Liability</u>
Beginning OPEB Liability, June 30, 2021	\$ 433,255
Changes for the year:	
Service cost	178,681
Interest cost	11,557
Effect of economic/demographic gains or losses	(48,739)
Employer contributions	(139,450)
Changes in assumptions or other inputs	(71,367)
Net changes	(69,318)
Ending OPEB Liability, June 30, 2022	<u>\$ 363,937</u>

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

7. Post-Retirement Benefits – (continued)

For the year ended June 30, 2022, the District recognized OPEB expense of \$70,132.

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

The following presents the total OPEB liability of the District for school board retirees, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.09%) or 1-percentage-point higher (4.09%) than the current discount rate:

	At 1% Decrease	At Current Discount Rate	At 1% Increase
Net OPEB liability associated with the District	\$ 400,353	\$ 363,937	\$ 331,450

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

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

	At 1% Decrease	At Current Healthcare Trend Rate	At 1% Increase
Net OPEB liability associated with the District	\$ 292,969	\$ 363,937	\$ 421,439

8. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2022 amounted to \$377,206 as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 377,206	
Special Revenue Fund		\$ 377,206
	<u>\$ 377,206</u>	<u>\$ 377,206</u>

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

9. Economic Dependency

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

10. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2022 may be impaired. As a result of the impact of COVID-19, the District has received funding under the American Rescue Plan Act (ARP), Elementary and Secondary School Emergency Relief (ESSER) Fund and the Coronavirus Relief Fund (CRF). To the extent that the District has not complied with the rules and regulations governing the ARP, ESSER and CRF funds, money may be required to be returned. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations or final eligible cost requirements governing the respective grants or funding; therefore, no provisions have been recorded in the accompanying basic 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.

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.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

11. Risk Management (continued)

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.

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

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

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The District's withholdings are recorded in the Unemployment Compensation Reserve in the general fund.

12. 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, 2022

12. Deferred Compensation Plans (continued)

The plan administrators are as follows:

403(b) Plan Administrators

ASP
AXA Equitable
Great West Insurance Company
Lincoln Investment Planning
Lincoln Financial Advisors
Metropolitan Insurance Company
Security Benefit/NEA Value Builder
Travelers Insurance

457 Plan Administrators

AXA Equitable
Great West Insurance Company
Lincoln Investment Planning
Lincoln Financial Advisors
Metropolitan Insurance Company
Security Benefit/NEA Value Builder
ASP

13. 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, 2021 to June 30, 2022 fiscal year is as follows:

Beginning balance July 1, 2021	\$ 7,269,845
Increased by Deposits:	
Interest earned on capital reserve funds	5,000
Board resolution - June 2022	755,000
Ending balance, June 30, 2022	<u>\$ 8,029,845</u>

The balance in the capital reserve at June 30, 2022 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. The District did not budget any of its capital reserve funds in the 2022-2023 approved budget.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

14. Commitments

The District has contractual commitments at June 30, 2022 to various vendors, for which \$2,070,994 is recorded in the general fund as fund balance assigned to other purposes.

During the 2022 fiscal year, the New Jersey Department of Labor has been delayed in issuing bills to New Jersey governmental units and as such the District has not been billed for any quarters during the fiscal year. Unemployment claims for the fiscal year cannot be estimated, however, it is expected that the Federal Government, through the CARES act will reimburse the State of New Jersey between 50 and 75 percent of all claims incurred. Since the District has not received a bill related to fiscal year 2022, and the amounts due are not known, no provision has been made in the District's financial statements for any liability.

15. Tax Abatements

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

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

Parsippany Troy-Hills Township provides for long-term tax exemptions, as authorized by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemptions provided by Parsippany Troy-Hills Township are for affordable housing projects and other permitted purposes. Taxes abated include municipal, local school, and county taxes.

Parsippany Troy-Hills Township recognized revenue of \$596,310 from the annual service charge in lieu of payment of taxes in 2021 and taxes in 2021 that otherwise would have been due on these long-term tax exemptions amount to \$766,536, based upon the assessed valuations of the long-term tax exemptions properties. A portion of the \$170,226 abatement would have been allocated to the District.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

16. Net Position – Net Investment in Capital Assets

Net investment in capital assets, Governmental Activities, 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. The net investment in capital assets of \$28,868,759 indicated as part of the Governmental Activities net position is calculated as follows:

Capital assets, net of depreciation	\$ 64,618,326
Bonds payable (used to build or acquire capital assets)	(21,035,000)
Unamortized premium	(2,300,889)
Financed purchases payable	(10,682,466)
Deferred loss on defeasance of debt	1,037,702
Total net investment in capital assets	<u>\$ 31,637,673</u>

17. Transfers

The following presents a reconciliation of transfers during the 2022 fiscal year:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund		\$ 211,991
Enterprise Fund - Adult and Community Education	\$ 211,991	
	<u>\$ 211,991</u>	<u>\$ 211,991</u>

The District transferred \$211,991 from the general fund to the enterprise fund – adult and community education fund. The transfer was made to record the board contribution to the adult and community education program.

Required Supplementary Information

Part II

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

Last Ten Fiscal Years

	Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability (asset) - Local Group	N/A	N/A	0.2189206180%	0.2208325889%	0.1933744507%	0.1896270394%	0.1835884600%	0.1788035654%	0.1789417964%	0.1804179598%
District's proportionate share of the net pension liability (asset)	N/A	N/A	\$ 40,987,927	\$ 49,572,491	\$ 57,271,966	\$ 44,142,144	\$ 36,147,652	\$ 32,217,690	\$ 29,180,727	\$ 21,373,212
District's covered-employee payroll	\$ 13,947,204	\$ 14,449,640	\$ 14,655,575	\$ 12,967,062	\$ 13,169,259	\$ 12,723,692	\$ 12,861,862	\$ 12,804,059	\$ 13,159,982	\$ 13,121,529
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	279.67%	382.30%	434.89%	346.93%	281.05%	251.62%	221.74%	162.89%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	N/A	N/A	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%

N/A - Information not available

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

See accompanying notes to required supplementary information.

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

Last Ten Fiscal Years

	Year ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 1,599,257	\$ 1,576,627	\$ 1,804,750	\$ 1,898,568	\$ 1,723,915	\$ 1,756,692	\$ 1,826,112	\$ 1,739,241	\$ 1,957,535	\$ 2,112,904
Contributions in relation to the contractually required contribution	(1,599,257)	(1,576,627)	(1,804,750)	(1,898,568)	(1,723,915)	(1,756,692)	(1,826,112)	(1,739,241)	(1,957,535)	(2,112,904)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 14,449,640	\$ 14,655,575	\$ 12,967,062	\$ 13,169,259	\$ 12,723,692	\$ 12,861,862	\$ 12,804,059	\$ 13,159,982	\$ 13,121,529	\$ 13,035,759
Contributions as a percentage of covered-employee payroll	11.07%	10.76%	13.92%	14.42%	13.55%	13.66%	14.26%	13.22%	14.92%	16.21%

See accompanying notes to required supplementary information.

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

Last Ten Fiscal Years*

	Year Ended June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.5599059555%	0.5602804165%	0.5602500664%	0.5609716107%	0.5665721794%	0.5750621563%	0.5688591159%	0.5715202327%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 299,251,510	\$ 354,121,149	\$ 440,728,374	\$ 378,227,288	\$ 360,441,051	\$ 352,921,073	\$ 374,586,883	\$ 274,759,430
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 299,251,510</u>	<u>\$ 354,121,149</u>	<u>\$ 440,728,374</u>	<u>\$ 378,227,288</u>	<u>\$ 360,441,051</u>	<u>\$ 352,921,073</u>	<u>\$ 374,586,883</u>	<u>\$ 274,759,430</u>
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%

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

Last Ten Fiscal Years*

	2022	2021	2020	2019	2018	2017
State's proportion of the net OPEB liability (asset) associated with the District	0.5375072808%	0.5349135718%	0.5335306228%	0.5355589176%	0.5288999877%	0.5330000091%
District's proportionate share of the net OPEB liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability (asset) associated with the District	\$ 322,545,493	\$ 362,724,693	\$ 222,637,426	\$ 246,950,678	\$ 283,701,117	\$ 306,508,509
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 322,545,493</u>	<u>\$ 362,724,693</u>	<u>\$ 222,637,426</u>	<u>\$ 246,950,678</u>	<u>\$ 283,701,117</u>	<u>\$ 306,508,509</u>
Plan fiduciary net position as a percentage of the total OPEB liability -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total OPEB Liability	2022	2021	2020	2019	2018	2017**
Service cost	\$ 16,398,877	\$ 9,158,125	\$ 9,005,130	\$ 10,160,921	\$ 12,280,607	
Interest cost	8,367,170	8,006,607	9,778,384	10,407,149	8,995,933	
Changes of benefit terms	(343,310)	-	-	-	-	
Differences between expected and actual experiences	(58,543,074)	62,788,537	(39,784,581)	(22,604,544)		
Changes of assumptions	318,216	66,257,337	3,319,542	(28,338,825)	(37,754,777)	
Member contributions	213,907	191,399	202,588	228,233	241,965	
Gross benefit payments	<u>(6,590,986)</u>	<u>(6,314,748)</u>	<u>(6,834,305)</u>	<u>(6,603,373)</u>	<u>(6,571,120)</u>	
Net change in total OPEB liability	(40,179,200)	140,087,257	(24,313,242)	(36,750,439)	(22,807,392)	
Total OPEB liability - beginning	<u>362,724,693</u>	<u>222,637,436</u>	<u>246,950,678</u>	<u>283,701,117</u>	<u>306,508,509</u>	
Total OPEB liability - ending	<u>\$ 322,545,493</u>	<u>\$ 362,724,693</u>	<u>\$ 222,637,436</u>	<u>\$ 246,950,678</u>	<u>\$ 283,701,117</u>	
Covered-employee payroll	<u>\$ 81,322,577</u>	<u>\$ 79,754,909</u>	<u>\$ 77,645,298</u>	<u>\$ 74,397,517</u>	<u>\$ 72,197,978</u>	
Total OPEB liability as a percentage of covered-employee pay	<u>396.62%</u>	<u>454.80%</u>	<u>286.74%</u>	<u>331.93%</u>	<u>392.95%</u>	

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

** Information not available

See accompanying notes to required supplementary information.

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

	Last Ten Fiscal Years*				
	2022	2021	2020	2019	2018
Balance, Beginning of Year	\$ 433,255	\$ 435,304	\$ 424,084	\$ 390,738	\$ 2,321,680
Changes for the year:					
Service Cost	178,681	178,681	178,681	178,681	178,681
Interest	11,557	12,494	12,069	14,419	51,648
Effect of economic/demographic gains or losses	(48,739)	(62,154)	(33,658)	(32,613)	(1,957,042)
Employer contributions	(139,450)	(137,605)	(152,306)	(152,307)	(164,911)
Changes in assumptions or other inputs	(71,367)	6,535	6,434	25,166	(39,318)
Net changes	(69,318)	(2,049)	11,220	33,346	(1,930,942)
Balance, End of Year	\$ 363,937	\$ 433,255	\$ 435,304	\$ 424,084	\$ 390,738
Total OPEB Liability	\$ 363,937	\$ 433,255	\$ 435,304	\$ 424,084	\$ 390,738
OPEB plan's fiduciary net position	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB Liability	\$ 363,937	\$ 433,255	\$ 435,304	\$ 424,084	\$ 390,738
Plan fiduciary net position as a percentage of the total OPEB liability -	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

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

See accompanying notes to required supplementary information.

Parsippany-Troy Hills School District

Notes to Required Supplementary Information
Year Ended June 30, 2022

PENSION

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

There were none.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

OTHER POST EMPLOYMENT BENEFITS

A. Parsippany-Troy Hills Post-Employment Retirement Plan

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.13% as of June 30, 2021 to 4.09% as of June 30, 2022.

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

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.

Required Supplementary Information
Part III

Budgetary Comparison Schedules

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Revenues					
Local sources:					
Local tax levy	\$ 145,543,054		\$ 145,543,054	\$ 145,543,054	
Tuition from individuals	225,000		225,000	249,240	\$ 24,240
Tuition				45,418	45,418
Interest	5,000		5,000	24,236	19,236
Interest on capital reserve funds	5,000		5,000	5,000	
Rents and Royalties	50,000		50,000	495	(49,505)
Miscellaneous	545,000		545,000	245,472	(299,528)
Total revenues - local sources	146,373,054		146,373,054	146,112,915	(260,139)
State sources:					
Special education categorical aid	6,346,181		6,346,181	6,346,181	
Equalization aid	92,029		92,029	92,029	
Security aid	152,564		152,564	152,564	
Extraordinary aid	300,000		300,000	2,069,832	1,769,832
Transportation aid	1,163,059		1,163,059	1,163,059	
Additional nonpublic transportation aid				54,314	54,314
Alyssa's Law		\$ 255,835		255,835	
On-behalf TPAF post-retirement medical (non-budgeted)				5,655,074	5,655,074
On-behalf TPAF long-term disability contributions (non-budgeted)				7,443	7,443
On-behalf TPAF pension contributions (non-budgeted)				24,204,176	24,204,176
Reimbursed TPAF social security contributions (non-budgeted)				4,913,012	4,913,012
Total - state sources	8,053,833	255,835	8,053,833	44,913,519	36,603,851
Federal sources:					
Medicaid reimbursement	54,701		54,701	75,055	20,354
Disaster Grants - Public Assistance				15,782	15,782
Total - Federal sources	54,701		54,701	90,837	36,136
Total revenues	154,481,588	255,835	154,481,588	191,117,271	36,379,848
Expenditures					
Current Expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool	162,429	(599)	161,830	161,830	
Kindergarten	2,804,076	(276,095)	2,527,981	2,383,842	144,139
Grades 1-5	13,810,484	(27,198)	13,783,286	13,577,790	205,496
Grades 6-8	11,353,236	(264,112)	11,089,124	10,986,234	102,890
Grades 9-12	14,057,131	(5,552)	14,051,579	13,947,042	104,537
Home Instruction:					
Salaries of teachers	45,000	2,386	47,386	47,386	
Purchased professional - educational services	40,000	20,594	60,594	59,425	1,169
Undistributed Instruction:					
Purchased professional - educational services	1,373,033		1,373,033	1,146,051	226,982
Purchased technical services	72,100	1,800	73,900	16,635	57,265
Other purchased services	214,988	(1,112)	213,876	190,225	23,651
General supplies	1,673,278	1,972	1,675,250	1,252,572	422,678
Textbooks	1,162,149	(30,263)	1,131,886	885,114	246,772
Other objects	32,908	475	33,383	25,078	8,305
Total instruction - regular programs	46,800,812	(577,704)	46,223,108	44,679,224	1,543,884
Special Education: Learning / Language Disabilities:					
Salaries of teachers	656,779	199,939	856,718	679,702	177,016
Other salaries for instruction	132,384	116,058	248,442	185,700	62,742
Purchased professional - educational services	40,000		40,000	12,779	27,221
General supplies	7,620		7,620	6,112	1,508
Textbooks	3,500		3,500		3,500
Total learning/language disabilities	840,283	315,997	1,156,280	884,293	271,987

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Special Education - Emotional Regulation Impairment:					
Salaries of teachers	\$ 138,026	\$ 537	\$ 138,563	\$ 109,067	\$ 29,496
Other salaries for instruction	33,021	(3,860)	29,161	29,161	
Purchased professional - educational services	1,000		1,000		1,000
General supplies	9,075	3,141	12,216	11,194	1,022
Textbooks	1,500	(1,500)			
Total emotional regulation impairment	182,622	(1,682)	180,940	149,422	31,518
Special Education - Multiple Disabilities:					
Salaries of teachers	929,753	129,854	1,059,607	1,036,854	22,753
Other salaries for instruction	426,220	(12,989)	413,231	412,406	825
Purchased professional - educational services	16,500		16,500	4,378	12,122
Purchased technical services	2,040	440	2,480	2,393	87
General supplies	20,270	1,244	21,514	15,638	5,876
Textbooks	10,200	(2,000)	8,200	6,430	1,770
Total multiple disabilities	1,404,983	116,549	1,521,532	1,478,099	43,433
Resource Room/Center:					
Salaries of teachers	7,085,334	8,782	7,094,116	7,054,722	39,394
Other Salaries for Instruction	398,552	(97,399)	301,153	156,014	145,139
Purchased professional - educational services	100,000		100,000	60,756	39,244
General supplies	36,000	1,500	37,500	30,399	7,101
Textbooks	7,000	(1,500)	5,500	4,940	560
Total resource room/center	7,626,886	(88,617)	7,538,269	7,306,831	231,438
Special Education - Autism:					
Salaries of teachers	661,864	95,706	757,570	609,594	147,976
Other salaries for instruction	265,968	(24,448)	241,520	239,463	2,057
Purchased professional - educational services	10,000		10,000	2,440	7,560
General supplies	12,720	(1,600)	11,120	6,607	4,513
Textbooks	7,000	(4,700)	2,300		2,300
Total autism	957,552	64,958	1,022,510	858,104	164,406
Special Education - Preschool Disabilities - Full Time:					
Salaries of teachers	1,002,470	(77,911)	924,559	922,672	1,887
Other salaries of instruction	200,309	(56,207)	144,102	137,347	6,755
Purchased professional - educational services	18,000		18,000	9,618	8,382
General supplies	12,150		12,150	7,933	4,217
Total preschool disabilities - part time	1,232,929	(134,118)	1,098,811	1,077,570	21,241
Total Special Education - Instruction	12,245,255	273,087	12,518,342	11,754,319	764,023
Basic Skills/Remedial Instruction:					
Salaries of teachers	2,440,948	(97,062)	2,343,886	2,198,728	145,158
Purchased professional - educational services	9,000		9,000	3,230	5,770
Other purchased services		100	100	95	5
General supplies	1,000	(200)	800	784	16
Other Objects	1,090	100	1,190	730	460
Total basic skills/remedial instruction	2,452,038	(97,062)	2,354,976	2,203,567	151,409
Bilingual Education - Instruction:					
Salaries of teachers	1,345,085	69,646	1,414,731	1,375,849	38,882
Purchased professional - educational services	7,000		7,000	4,881	2,119
General supplies	2,640		2,640	1,916	724
Total bilingual education - instruction	1,354,725	69,646	1,424,371	1,382,646	41,725
Vocational Programs - Local - Instruction:					
Salaries of teachers	127,411	872	128,283	128,283	
Other purchased services	1,300		1,300		1,300
General supplies	24,256	(8,480)	15,776	11,185	4,591
Total vocational programs - local- instruction	152,967	(7,608)	145,359	139,468	5,891
School-Sponsored Cocurricular Activities:					
Salaries	514,976		514,976	420,567	94,409
Purchased services	9,640		9,640	2,839	6,801
Supplies and materials	35,922	(17,900)	18,022	2,877	15,145
Other objects	88,400	19,212	107,612	72,493	35,119
Total school-sponsored cocurricular activities	648,938	1,312	650,250	498,776	151,474

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
School-Sponsored Athletics - Instruction:					
Salaries	\$ 1,401,520		\$ 1,401,520	\$ 1,384,586	\$ 16,934
Purchased services	122,440	\$ 6,576	129,016	88,038	40,978
Supplies and materials	228,000	5,056	233,056	205,782	27,274
Other objects	115,930		115,930	102,881	13,049
Transfers to cover deficit (Agency funds)	100,000		100,000	90,128	9,872
Total school-sponsored athletics - instruction	1,967,890	11,632	1,979,522	1,871,415	108,107
Total Instruction	65,622,625	(326,697)	65,295,928	62,529,415	2,766,513
Undistributed Instruction:					
Tuition to other LEAs within the state-special	814,786	(123,563)	691,223	602,684	88,539
Tuition to county voc. school dist.-regular	3,103,066	117,063	3,220,129	3,168,138	51,991
Tuition to county voc. school dist.-special	43,884	(43,884)			
Tuition to CSSD and regional day schools	221,606	(27,075)	194,531	194,531	
Tuition to private school for the disabled - within state	4,566,331	(205,647)	4,360,684	3,920,227	440,457
Total undistributed instruction	8,749,673	(283,106)	8,466,567	7,885,580	580,987
Attendance and Social Work:					
Salaries	110,801	(5,737)	105,064	105,064	
Total attendance and social work	110,801	(5,737)	105,064	105,064	
Health Services:					
Salaries	1,387,119	43,985	1,431,104	1,401,287	29,817
Purchased professional and technical services	81,000	5,400	86,400	81,240	5,160
Other purchased services	5,300		5,300	2,156	3,144
Supplies and materials	33,100	399	33,499	14,596	18,903
Other objects	11,200	(400)	10,800	3,662	7,138
Total health services	1,517,719	49,384	1,567,103	1,502,941	64,162
Other Support Services-Speech, OT, PT & Related Services:					
Salaries	3,121,396	(87,030)	3,034,366	2,854,864	179,502
Purchased professional - educational services	205,783	379,816	585,599	532,542	53,057
Supplies and materials	50,000	(2,854)	47,146	43,527	3,619
Total other support services-speech, OT, PT & related services	3,377,179	289,932	3,667,111	3,430,933	236,178

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed Expenditures (continued):					
Other support services - students - extra services:					
Salaries	\$ 4,311,463	\$ 229,437	\$ 4,540,900	\$ 4,240,661	\$ 300,239
Purchased professional - educational services	300,000		300,000	285,019	14,981
Total other support services - students - extra services	4,611,463	229,437	4,840,900	4,525,680	315,220
Guidance:					
Salaries of other professional staff	2,902,619	(30,730)	2,871,889	2,775,297	96,592
Salaries of secretarial and clerical assistants	322,191	(7,361)	314,830	314,830	
Purchased professional - educational services	31,102	(207)	30,895	29,164	1,731
Supplies and materials	5,140	6	5,146	3,199	1,947
Total guidance	3,261,052	(38,292)	3,222,760	3,122,490	100,270
Child Study Teams:					
Salaries of other professional staff	3,321,535	(28,373)	3,293,162	3,250,939	42,223
Purchased Professional - Educational Services	51,000	88,211	139,211	129,486	9,725
Other purchased services	26,875		26,875	26,874	1
Miscellaneous purchased services	118,000	(15,914)	102,086	84,037	18,049
Supplies and materials	22,000	708	22,708	22,406	302
Other objects	3,000		3,000	2,489	511
Total child study teams	3,542,410	44,632	3,587,042	3,516,231	70,811
Improvement of Instructional Services:					
Salaries of supervisor of instruction	1,423,929		1,423,929	1,408,037	15,892
Sal of secr & clerical assist.	456,155	7,545	463,700	462,830	870
Purchased professional educational services	4,000		4,000		4,000
Other purchased services	23,000		23,000	8,028	14,972
Supplies & materials	6,500		6,500	4,505	1,995
Other objects	27,500		27,500	20,729	6,771
Total improvement of instructional services	1,941,084	7,545	1,948,629	1,904,129	44,500
Educational Media Services/School Library:					
Salaries	1,632,643	14,058	1,646,701	1,646,701	
Purchased professional and technical services	82,863	3,301	86,164	78,979	7,185
Other purchased services	1,700		1,700		1,700
Supplies and materials	160,865		160,865	145,670	15,195
Other objects	650		650		650
Total educational media services/school library	1,878,721	17,359	1,896,080	1,871,350	24,730

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Instructional Staff Training Services:					
Salaries of other professional staff	\$ 79,000		\$ 79,000	\$ 44,127	\$ 34,873
Purchased professional - educational services	35,000		35,000	34,750	250
Other purchased services	90,117	\$ (100)	90,017	54,143	35,874
Supplies and materials	2,500	100	2,600	2,585	15
Other objects	5,000		5,000	300	4,700
Total instructional staff training services	211,617	-	211,617	135,905	75,712
Support Services-General Administration:					
Salaries	652,327	28,448	680,775	647,982	32,793
Legal Services	235,000	(47,666)	187,334	152,391	34,943
Audit Fees	85,884	70,216	156,100	70,200	85,900
Communications / telephone	396,300		396,300	284,855	111,445
BOE other purchased services	14,300		14,300	4,346	9,954
Other purchased services	4,600		4,600	4,408	192
General supplies	6,000		6,000	56	5,944
BOE in-house training/meeting supplies	35,000	(9,860)	25,140	18,999	6,141
Judgments against the school district	100,000	55,950	155,950	153,210	2,740
Miscellaneous expenditures	6,200		6,200	4,823	1,377
BOE membership and dues	27,000		27,000	26,663	337
Total support services-general administration	1,562,611	97,088	1,659,699	1,367,933	291,766
Support Services-School Administration:					
Salaries of principals/assistant principals	3,418,148	(38,783)	3,379,365	3,342,026	37,339
Salaries of other professional staff	340,593	3,921	344,514	344,514	
Salaries of secretarial and clerical assistants	1,357,255	30,815	1,388,070	1,375,253	12,817
Purchased professional and technical services	33,000	(10,000)	23,000	8,943	14,057
Other purchased services	52,000	500	52,500	6,003	46,497
Supplies and materials	34,529	2,926	37,455	22,663	14,792
Other objects	43,000	(500)	42,500	30,595	11,905
Total support services-school administration	5,278,525	(11,121)	5,267,404	5,129,997	137,407
Support Services - Central Services:					
Salaries	1,513,057	16,114	1,529,171	1,529,171	
Purchased professional services	47,126	17,971	65,097	56,481	8,616
Purchased technical services	11,150	(3,742)	7,408	7,408	
Miscellaneous purchased services	251,935	(6,708)	245,227	243,500	1,727
Supplies and materials	28,495	3,677	32,172	31,074	1,098
Interest on lease purchase agreements	38,540	(7,193)	31,347	31,347	
Other objects	18,357	(4,000)	14,357	13,162	1,195
Total support services-central services	1,908,660	16,119	1,924,779	1,912,143	12,636
Support Services - Administration Information Technology:					
Salaries	1,256,566	(16,114)	1,240,452	1,233,185	7,267
Purchased professional services	362,492	8,252	370,744	333,273	37,471
Purchased technical services	21,023		21,023	16,595	4,428
Other purchased services	353,889		353,889	336,147	17,742
Supplies and materials	32,700		32,700	14,609	18,091
Other objects	2,300		2,300	2,148	152
Total support services-administration information technology	2,028,970	(7,862)	2,021,108	1,935,957	85,151
Required Maintenance for School Facilities:					
Salaries	1,855,180		1,855,180	1,707,581	147,599
Cleaning, repair and maintenance services	669,186	2,186	671,372	606,231	65,141
General supplies	307,451	24,223	331,674	316,698	14,976
Other objects	60,019	4,677	64,696	54,111	10,585
Total required maintenance for school facilities	2,891,836	31,086	2,922,922	2,684,621	238,301

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Custodial Services:					
Salaries	\$ 3,952,061		\$ 3,952,061	\$ 3,634,363	\$ 317,698
Salaries of non-instructional aides	1,056,418	\$ (116)	1,056,302	872,466	183,836
Purchased professional and technical services	80,000	2,860	82,860	52,330	30,530
Cleaning, repair and maintenance services	61,916	(17,061)	44,855	14,895	29,960
Other purchased property services	300,000	37,071	337,071	337,070	1
Insurance	969,150	21,960	991,110	991,110	
General supplies	363,077	(16,809)	346,268	272,531	73,737
Energy (electricity, oil and gas)	1,690,000	651,627	2,341,627	2,334,458	7,169
Interest - energy savings improvement program	250,376	3,818	254,194	254,194	
Principal - energy savings improvement program	536,383	(2,322)	534,061	534,061	
Total custodial services	9,259,381	681,028	9,940,409	9,297,478	642,931
Care and Upkeep of Grounds:					
Purchased professional and technical services	206,250		206,250	170,689	35,561
General supplies	45,000		45,000	37,129	7,871
Total care and upkeep of grounds	251,250		251,250	207,818	43,432
Security:					
Salaries	234,860	3,337	238,197	238,197	
Purchased professional and technical services	380,868		380,868	373,400	7,468
Cleaning, repair and maintenance services	7,365	2,562	9,927	9,387	540
General Supplies	19,600	(8,076)	11,524	9,007	2,517
Total security	642,693	(2,177)	640,516	629,991	10,525
Total operation of plant	13,045,160	709,937	13,755,097	12,819,908	935,189
Total Undist. Expenditures	53,025,645	1,115,315	54,140,960	51,166,241	2,974,719
Student Transportation Services:					
Salaries of non-instructional aides	414,220	120,706	534,926	534,926	
Between home and school - regular	216,647	39,123	255,770	255,770	
Between home and school - special	1,077,877	300,050	1,377,927	1,377,533	394
Other purchased professional and technical services	35,880	(4,800)	31,080	29,316	1,764
Cleaning repair and maintenance services	418,000	(305,210)	112,790	111,125	1,665
Contr serv (bet. Home & Sch) - vendors	3,581,140	(355,966)	3,225,174	3,164,308	60,866
Contr serv (oth than bet. Home & Sch) - vendors	193,700	(167,711)	25,989	25,985	4
Contract. Serv. (sp ed stds) - vendors	8,750	20,425	29,175	29,175	
Contract. Serv. (reg. students) - ESCs & CTSA's	100,000	(23,033)	76,967	51,416	25,551
Contract. Serv. (spl. Ed. Students) - ECSs & CTSA's	2,328,718	368,519	2,697,237	2,697,236	1
Contract. Serv. - aid in lieu pymts -non pub sch	325,000		325,000	190,060	134,940
General supplies	9,400	12,422	21,822	21,442	380
Other Objects	5,650	(1,647)	4,003	4,003	
Total student transportation services	8,714,982	2,878	8,717,860	8,492,295	225,565

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Unallocated Benefits - Employee Benefits:					
Group Insurance	\$ 55,000	\$ 3,536	\$ 58,536	\$ 58,253	\$ 283
Social security contributions	1,960,000	(13,011)	1,946,989	1,916,918	30,071
Other retirement contributions - PERS	2,135,463		2,135,463	2,112,904	22,559
Other retirement contributions - regular	155,472	9,475	164,947	164,247	700
Workers' compensation	630,826		630,826	462,810	168,016
Health benefits	21,253,350	(951,326)	20,302,024	18,947,656	1,354,368
Tuition reimbursement	435,000		435,000	178,359	256,641
Other employee benefits	1,116,594		1,116,594	992,015	124,579
Total unallocated benefits	27,741,705	(951,326)	26,790,379	24,833,162	1,957,217
On-Behalf Contributions					
On-behalf TPAF Pension Contribution (non-budgeted)				24,204,176	(24,204,176)
On-behalf TPAF Post Retirement Medical contributions (non-budgeted)				5,655,074	(5,655,074)
On-behalf TPAFLong-term Disability Contributions (non-budgeted)				7,443	(7,443)
Reimbursed TPAF social security contributions (non-budgeted)				4,913,012	(4,913,012)
Total on-behalf contributions				34,779,705	(34,779,705)
Total Personal Services - Employee Benefits	27,741,705	(951,326)	26,790,379	59,612,867	(32,822,488)
Capital Outlay:					
Interest Deposit to Capital Reserve	5,000	(5,000)			
Equipment:					
Grades 6-8	3,000	6,986	9,986	9,986	
Grades 9-12	20,585	12,769	33,354	33,354	
School sponsored and other instructional program	4,300	11,678	15,978	11,678	4,300
Undistributed expenditures - support services - related and extraordinary		2,870	2,870	2,870	
Undistributed expenditures - admin info tech	10,000	(10)	9,990		9,990
Undistributed expenditures - required maint for school facilities	35,762	19,563	55,325	49,510	5,815
Undistributed expenditures - custodial	6,179		6,179	6,179	
Undistributed expenditures - security		255,835	255,835	255,817	18
Undistributed expenditures - student transportation - non-instructional equipment		149,584	149,584	149,584	
School buses - regular		112,873	112,873	112,873	
Total equipment	79,826	572,148	651,974	631,851	20,123
Facilities Acquisition and Construction Services:					
Architectural/engineering services	300,000	71,305	371,305	280,370	90,935
Construction services	2,991,984	2,476,565	5,468,549	3,320,609	2,147,940
Non-budgeted - financed purchases				995,113	(995,113)
Financed purchase agreements - principal	1,129,297		1,129,297	1,120,229	9,068
Assessment for Debt Service on SDA Funding	46,633		46,633	46,633	
Total facilities and construction services	4,467,914	2,547,870	7,015,784	5,762,954	1,252,830
Total Expenditures - Capital Outlay	4,552,740	3,115,018	7,667,758	6,394,805	1,272,953

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Transfer of funds to charter schools	\$ 667,198		\$ 667,198	\$ 471,896	\$ 195,302
Total Expenditures	160,324,895	\$ 2,955,188	163,280,083	188,667,519	(25,387,436)
(Deficiency) excess of revenues (under) over expenditures	(5,843,307)	(2,699,353)	(8,542,660)	2,449,752	10,992,412
Other financing sources (uses):					
Assets acquired under financed purchases (non-budgeted)				995,113	995,113
Transfers out				(211,991)	(211,991)
Total other financing sources (uses)				783,122	783,122
(Deficiency) excess of revenues (under) over expenditures and other financing sources	(5,843,307)	(2,699,353)	(8,542,660)	3,232,874	11,775,534
Fund balances, July 1	31,493,380		31,493,380	31,493,380	
Fund balances, June 30	\$ 25,650,073	\$ (2,699,353)	\$ 22,950,720	\$ 34,726,254	\$ 11,775,534
Recapitulation of (deficiency) excess of revenues (under) over expenditures					
Budgeted fund balance	\$ (5,843,307)		\$ (5,843,307)	\$ 5,932,227	\$ 11,775,534
Adjustment for prior year encumbrances		(2,699,353)	(2,699,353)	(2,699,353)	
Total	\$ (5,843,307)	\$ (2,699,353)	\$ (8,542,660)	\$ 3,232,874	\$ 11,775,534
Recapitulation of fund balance:					
Capital reserve account - restricted				\$ 8,029,845	
Excess fund balance - current year - restricted				7,515,949	
Prior year - excess fund balance designated for subsequent expenditures - restricted				6,178,441	
Restricted for Unemployment compensation				1,732,443	
Designated for Subsequent Year's Expenditures - assigned				1,258,728	
Year end encumbrances - assigned				2,070,994	
Unassigned				7,939,854	
				34,726,254	
Reconciliation to Governmental Funds statements (GAAP):					
Last state aid payments not recognized on GAAP basis				(741,398)	
Fund balance per Governmental Funds (GAAP)				\$ 33,984,856	

Parsippany-Troy Hills School District
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
State sources	\$ 363,864		\$ 363,864	\$ 335,430	\$ (28,434)
Federal sources	7,544,114		7,544,114	3,193,306	(4,350,808)
Local sources	29,721		29,721	593,726	564,005
Total revenues	<u>7,937,699</u>		<u>7,937,699</u>	<u>4,122,462</u>	<u>(3,815,237)</u>
Expenditures:					
Instruction:					
Salaries of teachers	1,226,924	\$ 2,578	1,229,502	487,802	741,700
Purchased professional & technical services	72,754		72,754	63,402	9,352
Other purchased services	2,191,017		2,191,017	17,350	2,173,667
Tuition	2,115,891	(14,207)	2,101,684	1,832,471	269,213
General supplies	533,760	31,807	565,567	222,818	342,749
Textbooks	17,345		17,345	17,077	268
Other objects	1,000	(914)	86	86	
Total instruction	<u>6,158,691</u>	<u>19,264</u>	<u>6,177,955</u>	<u>2,641,006</u>	<u>3,536,949</u>
Undistributed:					
Support services:					
Salaries of other professional staff	485,881	(1,933)	483,948	203,975	279,973
Personal services—employee benefits	346,966	(2,707)	344,259	143,634	200,625
Purchased professional educational services	377,405	(1,781)	375,624	177,249	198,375
Other purchased services	138,844	(13,821)	125,023	32,782	92,241
Supplies and materials	254,371	978	255,349	168,726	86,623
Scholarships				9,150	(9,150)
Student Activities				570,184	(570,184)
Total support services	<u>1,603,467</u>	<u>(19,264)</u>	<u>1,584,203</u>	<u>1,305,700</u>	<u>278,503</u>
Capital outlay:					
Facilities acquisition and construction services:					
Noninstructional equipment	175,541		175,541	174,816	725
Total capital outlay	<u>175,541</u>	<u>-</u>	<u>175,541</u>	<u>174,816</u>	<u>725</u>
Total expenditures	<u>7,937,699</u>	<u>-</u>	<u>7,937,699</u>	<u>4,121,522</u>	<u>3,816,177</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>940</u>	<u>\$ 940</u>
Fund Balance, July 1				525,963	
Fund Balance, June 30				<u>\$ 526,903</u>	
Recapitulation:					
Restricted:					
Scholarships				\$ 62,418	
Student Activities				464,485	
Total Fund Balance				<u>\$ 526,903</u>	

Parsippany-Troy Hills School District
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2022

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 191,117,271	\$ 4,122,462
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		25,416
Current year		(200,150)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	617,525	
Current year	(741,398)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u>\$ 190,993,398</u>	<u>\$ 3,947,728</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 188,667,519	\$ 4,121,522
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		25,416
Current year		(200,150)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 188,667,519</u>	<u>\$ 3,946,788</u>

Special Revenue Fund

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2022

	Local Grants	Student Activities	Scholarships	Nonpublic Aid	
				Corrective Speech	Examination & Classification
Revenues:					
State sources				\$ 9,021	\$ 15,197
Federal sources					
Local sources	\$ 13,452	\$ 576,046	\$ 4,228		
Total revenues	\$ 13,452	\$ 576,046	\$ 4,228	\$ 9,021	\$ 15,197
Expenditures:					
Instruction:					
Salaries of teachers					
Purchased professional & technical services				\$ 9,021	\$ 15,197
Purchased property services					
Tuition					
General supplies	\$ 13,346				
Textbooks					
Other objects					
Total instruction	13,346			9,021	15,197
Undistributed:					
Support services:					
Salaries of other professional staff	106				
Personal services—employee benefits					
Purchased professional educational services					
Other purchased services					
Supplies and materials					
Scholarships			\$ 9,150		
Student Activities		\$ 570,184			
Total support services	106	570,184	9,150		
Capital outlay:					
Facilities acquisition and construction services:					
Noninstructional equipment					
Total capital outlay					
Total expenditures	\$ 13,452	570,184	9,150	\$ 9,021	\$ 15,197
Excess (deficiency) of revenues over (under) expenditures	-	5,862	(4,922)	-	-
Fund Balance, July 1		458,623	67,340		
Fund Balance, June 30	\$ -	\$ 464,485	\$ 62,418	\$ -	\$ -

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2022

	Nonpublic Aid				
	Supplementary	Compensatory	Security	Nursing	Textbook
	Instruction	Education	Aid	Aid	Aid
Revenues:					
State sources	\$ 20,320	\$ 17,468	\$ 39,482	\$ 32,138	\$ 17,077
Federal sources					
Local sources					
Total revenues	<u>\$ 20,320</u>	<u>\$ 17,468</u>	<u>\$ 39,482</u>	<u>\$ 32,138</u>	<u>\$ 17,077</u>
Expenditures:					
Instruction:					
Salaries of teachers					
Purchased professional & technical services	\$ 20,320	\$ 17,468			
Purchased property services					
Tuition					
General supplies					
Textbooks					\$ 17,077
Other objects					
Total instruction	<u>20,320</u>	<u>17,468</u>			<u>17,077</u>
Undistributed:					
Support services:					
Salaries of other professional staff					
Personal services—employee benefits					
Purchased professional educational services			\$ 39,482	\$ 32,138	
Other purchased services					
Supplies and materials					
Scholarships					
Student Activities					
Total support services			<u>39,482</u>	<u>32,138</u>	
Capital outlay:					
Facilities acquisition and construction services:					
Noninstructional equipment					
Total capital outlay					
Total expenditures	<u>\$ 20,320</u>	<u>\$ 17,468</u>	<u>\$ 39,482</u>	<u>\$ 32,138</u>	<u>\$ 17,077</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, July 1					
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2022

	Nonpublic Aid		SDA		Title I, Part A	Title II, Part A
	Technology	Home	Emergent			
	Aid	Instruction	Projects			
Revenues:						
State sources	\$ 11,914	\$ 1,396	\$ 171,417			
Federal sources				\$ 252,440	\$ 61,934	
Local sources						
Total revenues	<u>\$ 11,914</u>	<u>\$ 1,396</u>	<u>\$ 171,417</u>	<u>\$ 252,440</u>	<u>\$ 61,934</u>	
Expenditures:						
Instruction:						
Salaries of teachers				\$ 146,476		
Purchased professional & technical services		\$ 1,396				
Purchased property services						
Tuition						
General supplies	\$ 11,914			875		
Textbooks						
Other objects						
Total instruction	<u>11,914</u>	<u>1,396</u>		<u>147,351</u>		
Undistributed:						
Support services:						
Salaries of other professional staff						
Personal services—employee benefits				105,089		
Purchased professional educational services					\$ 53,112	
Other purchased services					8,487	
Supplies and materials					335	
Scholarships						
Student Activities						
Total support services				<u>105,089</u>	<u>61,934</u>	
Capital outlay:						
Facilities acquisition and construction services:						
Noninstructional equipment			\$ 171,417			
Total capital outlay			<u>171,417</u>			
Total expenditures	<u>\$ 11,914</u>	<u>\$ 1,396</u>	<u>\$ 171,417</u>	<u>\$ 252,440</u>	<u>\$ 61,934</u>	
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	
Fund Balance, July 1						
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2022

	Title III	Title III Immigrant	Title IV	I.D.E.A.	
				Part B Basic	Preschool
Revenues:					
State sources					
Federal sources	\$ 110,253	\$ 9,278	\$ 31,007	\$ 1,477,723	\$ 61,609
Local sources					
Total revenues	<u>\$ 110,253</u>	<u>\$ 9,278</u>	<u>\$ 31,007</u>	<u>\$ 1,477,723</u>	<u>\$ 61,609</u>
Expenditures:					
Instruction:					
Salaries of teachers	\$ 66,662	\$ 4,534		\$ 77,440	
Purchased professional & technical services					
Purchased property services					
Tuition				1,195,854	\$ 61,609
General supplies	14,356	1,099	\$ 28,007	59,356	
Textbooks					
Other objects				86	
Total instruction	<u>81,018</u>	<u>5,633</u>	<u>28,007</u>	<u>1,332,736</u>	<u>61,609</u>
Undistributed:					
Support services:					
Salaries of other professional staff	19,000	3,509		16,558	
Personal services—employee benefits	4,592	31		6,677	
Purchased professional educational services			3,000	38,708	
Other purchased services	2,854			21,441	
Supplies and materials	2,789	105		61,603	
Scholarships					
Student Activities					
Total support services	<u>29,235</u>	<u>3,645</u>	<u>3,000</u>	<u>144,987</u>	
Capital outlay:					
Facilities acquisition and construction services:					
Noninstructional equipment					
Total capital outlay					
Total expenditures	<u>\$ 110,253</u>	<u>\$ 9,278</u>	<u>\$ 31,007</u>	<u>\$ 1,477,723</u>	<u>\$ 61,609</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund Balance, July 1					
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2022

	COVID-19 ARP I.D.E.A.		COVID-19	COVID-19
	Part B		CARES	COVID-19
	Basic	Preschool	Act	ESSER II
Revenues:				
State sources				
Federal sources	\$ 335,205	\$ 22,538	\$ 3,399	\$ 679,089
Local sources				
Total revenues	<u>\$ 335,205</u>	<u>\$ 22,538</u>	<u>\$ 3,399</u>	<u>\$ 679,089</u>
Expenditures:				
Instruction:				
Salaries of teachers	\$ 50,718			\$ 57,330
Purchased professional & technical services				
Purchased property services				
Tuition	269,798	\$ 22,538		282,672
General supplies				93,601
Textbooks				
Other objects				
Total instruction	<u>320,516</u>	<u>22,538</u>		<u>433,603</u>
Undistributed:				
Support services:				
Salaries of other professional staff				130,060
Personal services—employee benefits	3,880			14,232
Purchased professional educational services	10,809			
Other purchased services				
Supplies and materials				101,194
Scholarships				
Student Activities				
Total support services	<u>14,689</u>			<u>245,486</u>
Capital outlay:				
Facilities acquisition and construction services:				
Noninstructional equipment			\$ 3,399	
Total capital outlay			<u>3,399</u>	
Total expenditures	<u>\$ 335,205</u>	<u>\$ 22,538</u>	<u>\$ 3,399</u>	<u>\$ 679,089</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, July 1				
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2022

	COVID-19 ESSER II Learning Acceleration	COVID-19 ESSER II Mental Health	COVID-19 ARP ESSER	COVID-19 ARP ESSER Beyond the School Day	Total
Revenues:					
State sources					\$ 335,430
Federal sources	\$ 61,791	\$ 37,400	\$ 17,350	\$ 32,290	3,193,306
Local sources					593,726
Total revenues	<u>\$ 61,791</u>	<u>\$ 37,400</u>	<u>\$ 17,350</u>	<u>\$ 32,290</u>	<u>\$ 4,122,462</u>
Expenditures:					
Instruction:					
Salaries of teachers	\$ 54,892			\$ 29,750	\$ 487,802
Purchased professional & technical services					63,402
Purchased property services			\$ 17,350		17,350
Tuition					1,832,471
General supplies				264	222,818
Textbooks					17,077
Other objects					86
Total instruction	<u>54,892</u>		<u>17,350</u>	<u>30,014</u>	<u>2,641,006</u>
Undistributed:					
Support services:					
Salaries of other professional staff		\$ 34,742			203,975
Personal services—employee benefits	4,199	2,658		2,276	143,634
Purchased professional educational services					177,249
Other purchased services					32,782
Supplies and materials	2,700				168,726
Scholarships					9,150
Student Activities					570,184
Total support services	<u>6,899</u>	<u>37,400</u>		<u>2,276</u>	<u>1,305,700</u>
Capital outlay:					
Facilities acquisition and construction services:					
Noninstructional equipment					174,816
Total capital outlay					<u>174,816</u>
Total expenditures	<u>\$ 61,791</u>	<u>\$ 37,400</u>	<u>\$ 17,350</u>	<u>\$ 32,290</u>	<u>\$ 4,121,522</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>940</u>
Fund Balance, July 1					525,963
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 526,903</u>

Long-Term Debt

Parsippany-Troy Hills School District
Long-Term Debt

Schedule of Serial Bonds Payable

Year Ended June 30, 2022

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2022		Interest Rate	Balance June 30, 2021	Retired	Balance June 30, 2022
			Date	Amount				
2014 Refunding Bonds	4/24/14	\$ 19,715,000	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%	\$ 11,250,000	\$ 2,240,000	\$ 9,010,000
2015 Refunding Bonds	2/26/15	12,025,000	8/15/26	2,070,000	5.000%			
			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%	12,025,000		12,025,000
						<u>\$ 23,275,000</u>	<u>\$ 2,240,000</u>	<u>\$ 21,035,000</u>

Parsippany-Troy Hills School District
Long-Term Debt

Schedule of Financed Purchases Payable

Year ended June 30, 2022

Purpose	Interest Rate	Amount of Original Issue	Balance July 1, 2021	Issued	Paid	Balance June 30, 2022
Energy Savings Improvement Plan	2.655%	\$ 14,200,000	\$ 266,423		\$ 266,423	
Equipment	1.762%	1,000,000	203,850		203,850	
Equipment	2.961%	498,500	206,328		101,659	\$ 104,669
Equipment	2.305%	640,500	213,873		213,873	
Equipment	2.403%	359,500	216,051		70,314	145,737
Equipment	1.197%	1,000,000	728,152		264,598	463,554
Energy Savings Improvement Plan	1.785%	9,502,079	9,502,079		267,638	9,234,441
Equipment	0.845%	483,013		\$ 483,013	161,579	321,434
Equipment	1.090%	516,987		516,987	104,356	412,631
			<u>\$ 11,336,756</u>	<u>\$ 1,000,000</u>	<u>\$ 1,654,290</u>	<u>\$ 10,682,466</u>

Parsippany-Troy Hills School District
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2022

	<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	\$ 2,771,250		\$ 2,771,250	\$ 2,771,250	
State sources:					
Debt service aid type II	565,300		565,300	565,300	
Total revenues	<u>3,336,550</u>		<u>3,336,550</u>	<u>3,336,550</u>	
Expenditures:					
Principal on bonds	2,240,000		2,240,000	2,240,000	
Interest on bonds	1,096,550		1,096,550	1,096,550	
Total expenditures	<u>3,336,550</u>		<u>3,336,550</u>	<u>3,336,550</u>	
Fund balance, July 1	-	-	-	-	
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Statistical Section

(Unaudited)

Statistical Section

Unaudited

This part of the Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements note disclosures, and required, supplementary information says about the District's overall financial condition.

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: *Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports (ACFR) for the relevant year.*

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

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 26,440,800	\$ 11,372,718	\$ 18,025,158	\$ 22,246,363	\$ 24,712,844	\$ 24,714,210	\$ 25,293,312	\$ 28,598,314	\$ 28,534,499	\$ 31,637,673
Restricted	8,459,009	10,621,377	10,500,851	5,164,320	4,983,274	10,604,331	12,627,452	15,610,702	21,634,263	23,983,581
Unrestricted (deficit)	4,839,908	4,000,475	(37,452,068)	(38,481,590)	(42,284,433)	(44,137,710)	(43,317,186)	(40,782,764)	(33,357,058)	(26,229,170)
Total governmental activities net position	<u>\$ 39,739,717</u>	<u>\$ 25,994,570</u>	<u>\$ (8,926,059)</u>	<u>\$ (11,070,907)</u>	<u>\$ (12,588,315)</u>	<u>\$ (8,819,169)</u>	<u>\$ (5,396,422)</u>	<u>\$ 3,426,252</u>	<u>\$ 16,811,704</u>	<u>\$ 29,392,084</u>
Business-type activities										
Investment in capital assets	\$ 322,111	\$ 520,820	\$ 568,799	\$ 608,450	\$ 556,348	\$ 504,052	\$ 679,063	\$ 613,075	\$ 613,454	\$ 908,823
Unrestricted	259,755	307,418	1,118,984	1,543,153	998,484	851,043	666,524	574,139	1,662,960	3,494,282
Total business-type activities net position	<u>\$ 581,866</u>	<u>\$ 828,238</u>	<u>\$ 1,687,783</u>	<u>\$ 2,151,603</u>	<u>\$ 1,554,832</u>	<u>\$ 1,355,095</u>	<u>\$ 1,345,587</u>	<u>\$ 1,187,214</u>	<u>\$ 2,276,414</u>	<u>\$ 4,403,105</u>
Government-wide										
Net investment in capital assets	\$ 26,762,911	\$ 11,893,538	\$ 18,593,957	\$ 22,854,813	\$ 25,269,192	\$ 25,218,262	\$ 25,972,375	\$ 29,211,389	\$ 29,147,953	\$ 32,546,496
Restricted	8,459,009	10,621,377	10,500,851	5,164,320	4,983,274	10,604,331	12,627,452	15,610,702	21,634,263	23,983,581
Unrestricted (deficit)	5,099,663	4,307,893	(36,333,084)	(36,938,437)	(41,285,949)	(43,286,667)	(42,650,662)	(40,208,625)	(31,694,098)	(22,734,888)
Total government-wide net position	<u>\$ 40,321,583</u>	<u>\$ 26,822,808</u>	<u>\$ (7,238,276)</u>	<u>\$ (8,919,304)</u>	<u>\$ (11,033,483)</u>	<u>\$ (7,464,074)</u>	<u>\$ (4,050,835)</u>	<u>\$ 4,613,466</u>	<u>\$ 19,088,118</u>	<u>\$ 33,795,189</u>

Source: ACFR Schedule A-1 and District records.

Note: 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.

GASB 84 was implemented during the 2021 fiscal year, which required a retroactive adjustment of beginning net position in the amount of \$2,472,964. This amount is not reflected in the June 30, 2020 Net Position, above.

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

Unaudited

	Year ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
Instruction										
Regular	\$ 54,157,270	\$ 55,225,305	\$ 60,058,776	\$ 67,327,824	\$ 71,089,105	\$ 68,605,225	\$ 71,152,943	\$ 66,789,159	\$ 75,563,169	\$ 67,544,879
Special Education	13,587,574	14,182,455	15,759,413	17,544,548	21,551,188	20,373,590	21,959,458	19,956,142	20,739,644	20,882,580
Other Instruction	4,981,003	4,748,278	5,318,379	4,345,044	6,598,537	6,834,339	6,406,742	6,035,740	7,095,575	6,292,412
School Sponsored Instruction	2,759,048	2,780,564	3,148,624	3,611,060	3,829,286	3,900,959	3,907,686	3,353,859	3,685,018	2,871,911
Support Services:										
Tuition	8,690,359	9,133,292	8,927,366	9,723,979	9,043,014	9,778,393	8,553,370	8,835,372	8,124,242	7,885,008
Student & Instruction Related Services	21,889,834	22,698,468	25,166,820	30,173,891	31,256,188	32,322,979	32,688,045	29,689,012	33,685,601	31,162,204
General Administration Services	955,550	951,226	987,411	1,365,393	1,369,649	1,349,845	1,656,472	1,649,526	1,868,786	1,701,463
School Administrative Services	6,781,852	7,039,916	7,216,319	7,300,094	8,852,596	8,401,715	8,239,799	7,680,918	8,648,303	7,721,970
Central Services	1,988,419	2,359,078	2,601,763	2,637,523	2,776,339	3,170,089	3,033,442	2,816,366	2,968,965	2,740,332
Administrative Information Technology	934,141	894,481	2,010,378	2,417,212	2,621,780	2,728,705	2,789,129	2,644,924	2,832,071	2,567,380
Plant Operations & Maintenance	11,334,513	11,702,498	14,561,451	15,682,039	15,619,037	16,829,592	16,989,943	15,353,526	15,791,284	15,684,299
Pupil Transportation	7,128,369	7,392,761	7,799,413	7,879,781	9,203,411	9,171,316	9,485,379	9,093,696	8,585,659	9,947,638
Other Instruction									461,018	579,334
Special Schools	1,800,842	1,780,943	1,666							
Charter School	359,963	385,109	343,519	338,426	259,712	231,982	460,411	484,183	2,596,352	1,951,843
Interest on long-term debt	1,828,112	1,721,809	2,048,389	1,118,186	1,245,936	1,210,147	1,139,716	1,368,946	466,796	471,896
Total governmental activities expenses	<u>\$ 139,176,849</u>	<u>\$ 142,996,183</u>	<u>\$ 155,949,687</u>	<u>\$ 171,465,000</u>	<u>\$ 185,315,778</u>	<u>\$ 184,908,876</u>	<u>\$ 188,462,535</u>	<u>\$ 175,751,369</u>	<u>\$ 193,112,483</u>	<u>\$ 180,005,149</u>
Business-type activities:										
Food service	2,152,061	2,195,791	2,474,470	2,529,796	2,562,331	2,703,009	2,799,300	2,194,337	2,268,121	4,482,320
Adult and community education			2,015,253	2,103,524	2,691,092	2,815,472	2,750,949	2,010,833	939,246	1,580,998
Total business-type activities expense	<u>2,152,061</u>	<u>2,195,791</u>	<u>4,489,723</u>	<u>4,633,320</u>	<u>5,253,423</u>	<u>5,518,481</u>	<u>5,550,249</u>	<u>4,205,170</u>	<u>3,207,367</u>	<u>6,063,318</u>
Total district expenses	<u>\$ 141,328,910</u>	<u>\$ 145,191,974</u>	<u>\$ 160,439,410</u>	<u>\$ 176,098,320</u>	<u>\$ 190,569,201</u>	<u>\$ 190,427,357</u>	<u>\$ 194,012,784</u>	<u>\$ 179,956,539</u>	<u>\$ 196,319,850</u>	<u>\$ 186,068,467</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition	\$ 336,408	\$ 288,409	\$ 216,116	\$ 281,529	\$ 339,572	\$ 232,372	\$ 234,061	\$ 187,399	\$ 484,806	\$ 870,704
Special Schools	2,095,236	2,023,902								
Operating grants and contributions	2,401,594	2,087,374	2,191,240	2,788,827	2,152,592	2,505,444	2,605,991	2,378,051	3,176,384	3,346,112
Capital grants and contributions		407,602	349,442		250,000				56,704	25,570
Total governmental activities program revenues	<u>\$ 4,833,238</u>	<u>\$ 4,807,287</u>	<u>\$ 2,756,798</u>	<u>\$ 3,070,356</u>	<u>\$ 2,742,164</u>	<u>\$ 2,737,816</u>	<u>\$ 2,840,052</u>	<u>\$ 2,565,450</u>	<u>\$ 3,717,894</u>	<u>\$ 4,242,386</u>
Business-Type Activities										
Charges for services:										
Food Service	\$ 1,639,914	\$ 1,684,107	\$ 1,772,352	\$ 1,748,269	\$ 1,872,086	\$ 1,912,129	\$ 2,105,671	\$ 1,404,546	\$ 55,856	\$ 237,088
Adult and community education			2,878,501	2,609,041	1,979,086	2,598,898	2,600,049	1,873,003	264,612	1,369,007
Operating grants and contributions	580,525	625,454	698,415	739,830	805,480	807,718	835,020	769,248	3,452,920	6,371,923
Total governmental activities program revenues	<u>\$ 2,220,439</u>	<u>\$ 2,309,561</u>	<u>\$ 5,349,268</u>	<u>\$ 5,097,140</u>	<u>\$ 4,656,652</u>	<u>\$ 5,318,745</u>	<u>\$ 5,540,740</u>	<u>\$ 4,046,797</u>	<u>\$ 3,773,388</u>	<u>\$ 7,978,018</u>
Total District Program Revenues	<u>\$ 7,053,677</u>	<u>\$ 7,116,848</u>	<u>\$ 8,106,066</u>	<u>\$ 8,167,496</u>	<u>\$ 7,398,816</u>	<u>\$ 8,056,561</u>	<u>\$ 8,380,792</u>	<u>\$ 6,612,247</u>	<u>\$ 7,491,282</u>	<u>\$ 12,220,404</u>
Net (Expense)/Revenue Governmental Activities	<u>\$ (134,343,611)</u>	<u>\$ (138,188,896)</u>	<u>\$ (153,192,889)</u>	<u>\$ (168,394,644)</u>	<u>\$ (182,573,614)</u>	<u>\$ (182,171,060)</u>	<u>\$ (185,622,483)</u>	<u>\$ (173,185,919)</u>	<u>\$ (189,394,589)</u>	<u>\$ (175,762,763)</u>
Business-Type Activities	<u>68,378</u>	<u>113,770</u>	<u>859,545</u>	<u>463,820</u>	<u>(596,771)</u>	<u>(199,736)</u>	<u>(9,509)</u>	<u>(158,373)</u>	<u>566,021</u>	<u>1,914,700</u>
Total District-Wide Net Position	<u>\$ (134,275,233)</u>	<u>\$ (138,075,126)</u>	<u>\$ (152,333,344)</u>	<u>\$ (167,930,824)</u>	<u>\$ (183,170,385)</u>	<u>\$ (182,370,796)</u>	<u>\$ (185,631,992)</u>	<u>\$ (173,344,292)</u>	<u>\$ (188,828,568)</u>	<u>\$ (173,848,063)</u>

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

Unaudited

	Year ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Property Taxes Levied for General Purpos	\$ 117,978,486	\$ 120,740,876	\$ 122,152,214	\$ 125,598,736	\$ 128,110,712	\$ 132,215,563	\$ 135,975,887	\$ 139,800,994	\$ 142,597,014	\$ 145,543,054
Taxes Levied for Debt Service	2,432,893	2,511,028	2,784,536	2,788,077	2,789,167	2,802,133	2,805,531	2,813,027	2,816,017	2,771,250
Federal and State Aid not Restricted	18,161,615	16,374,275	31,151,966	37,599,051	49,505,740	51,706,779	49,634,071	38,987,098	55,132,162	39,965,627
Investment Earnings	40,140	13,816	693	2,990	7,070	17,278	54,977	42,701	14,358	29,236
Miscellaneous Income	337,075	654,483	105,326	260,942	643,517	880,990	574,764	364,773	270,705	245,967
Insurance proceeds	430,889									
Transfers	(11,853)	(2,069)							(523,179)	(211,991)
Total Governmental Activities	139,369,245	140,292,409	156,194,735	166,249,796	181,056,206	187,622,743	189,045,230	182,008,593	200,307,077	188,343,143
Business-Type Activities:										
Investment Earnings	768									
Insurance proceeds	20,319									
Transfers	11,853	2,069							523,179	211,991
Total Business-Type Activities	32,940	2,069	-	-	-	-	-	-	523,179	211,991
Total District-Wide	\$ 139,402,185	\$ 140,294,478	\$ 156,194,735	\$ 166,249,796	\$ 181,056,206	\$ 187,622,743	\$ 189,045,230	\$ 182,008,593	\$ 200,830,256	\$ 188,555,134
Change in Net Position:										
Governmental Activities	\$ 5,025,634	\$ 2,103,513	\$ 3,001,846	\$ (2,144,848)	\$ (1,517,408)	\$ 5,451,683	\$ 3,422,747	\$ 8,822,674	\$ 10,912,488	\$ 12,580,380
Business-Type Activities	101,318	115,839	859,545	463,820	(596,771)	(199,736)	(9,509)	(158,373)	1,089,200	2,126,691
Total District	\$ 5,126,952	\$ 2,219,352	\$ 3,861,391	\$ (1,681,028)	\$ (2,114,179)	\$ 5,251,947	\$ 3,413,238	\$ 8,664,301	\$ 12,001,688	\$ 14,707,071

Source: District records

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

GASB 84 was implemented in the 2021 fiscal year, which increased the related services expense line and charges for services from the previous year.

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

Unaudited

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	(as restated)									
General Fund										
Reserved/Restricted	\$ 7,951,867	\$ 9,713,770	\$ 10,164,659	\$ 4,828,128	\$ 4,689,221	\$ 10,604,331	\$ 12,627,452	\$ 15,610,702	\$ 21,108,270	\$ 23,456,678
Assigned	4,679,708	3,633,704	3,205,980	3,802,392	3,246,177	646,579	377,755	1,531,313	2,699,353	3,329,722
Unassigned	2,686,143	2,759,671	2,685,084	2,449,794	2,314,752	3,358,575	3,586,217	3,457,890	7,068,232	7,198,456
Total general fund	<u>\$ 15,317,718</u>	<u>\$ 16,107,145</u>	<u>\$ 16,055,723</u>	<u>\$ 11,080,314</u>	<u>\$ 10,250,150</u>	<u>\$ 14,609,485</u>	<u>\$ 16,591,424</u>	<u>\$ 20,599,905</u>	<u>\$ 30,875,855</u>	<u>\$ 33,984,856</u>
All Other Governmental Funds										
Restricted - capital projects fund	\$ 509,338	\$ 12,100,903	\$ 3,147,328	\$ 373,501	\$ 296,122	\$ 1,516				
Restricted - special revenue fund*									\$ 525,963	\$ 526,903
Total all other governmental funds	<u>\$ 509,338</u>	<u>\$ 12,100,903</u>	<u>\$ 3,147,328</u>	<u>\$ 373,501</u>	<u>\$ 296,122</u>	<u>\$ 1,516</u>			<u>\$ 525,963</u>	<u>\$ 526,903</u>
Total All Funds	<u>\$ 15,827,056</u>	<u>\$ 28,208,048</u>	<u>\$ 19,203,051</u>	<u>\$ 11,453,815</u>	<u>\$ 10,546,272</u>	<u>\$ 14,611,001</u>	<u>\$ 16,591,424</u>	<u>\$ 20,599,905</u>	<u>\$ 31,401,818</u>	<u>\$ 34,511,759</u>

Source: ACFR 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.

* The increase is due to the implementation of GASB 84, which required the reporting of scholarships and student activities in the Special Revenue Fund.

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

Unaudited

	Year ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	(as restated)									
Revenues										
Tax levy	\$ 120,411,379	\$ 123,251,904	\$ 124,936,750	\$ 128,386,814	\$ 130,899,879	\$ 135,017,696	\$ 138,781,418	\$ 142,614,021	\$ 145,413,031	\$ 148,314,304
Interest Earned	1,294	5,000	641	2,990	7,070	17,278	54,977	42,701	14,358	29,236
Miscellaneous	2,843,613	2,992,863	360,040	567,041	1,002,520	1,141,118	828,047	563,388	761,391	1,134,351
State sources	18,230,758	16,888,358	18,479,058	20,547,750	22,816,589	25,491,638	29,062,953	30,330,424	36,420,693	45,544,529
Federal sources	2,296,403	1,963,640	2,101,583	2,678,852	2,267,535	2,302,073	2,393,553	2,221,424	3,129,650	3,255,256
Total revenue	143,783,447	145,101,765	145,878,072	152,183,447	156,993,593	163,969,803	171,120,948	175,771,958	185,739,123	198,277,676
Expenditures										
Instruction										
Regular instruction	37,666,229	38,751,056	37,702,859	40,039,248	39,263,178	38,322,588	40,380,859	41,436,398	43,251,947	44,679,224
Special Education Instruction	9,594,060	10,061,739	10,152,000	10,899,360	12,415,890	11,834,645	13,046,077	12,880,743	12,767,391	14,372,033
Other Instruction	3,426,107	3,301,429	3,288,987	3,412,509	3,553,680	3,706,079	4,027,670	3,655,248	3,938,604	4,224,457
School-Sponsored Instruction	2,062,973	2,079,676	2,125,281	2,341,778	2,317,783	2,358,893	1,830,049	2,226,562	2,246,672	1,871,415
Support Services:										
Tuition	8,804,359	9,217,629	8,927,366	9,719,962	9,042,358	9,777,529	8,553,370	8,835,372	8,124,508	7,885,580
Student Service	12,141,029	12,626,735	11,917,449	12,718,187	13,616,939	14,930,575	15,321,078	15,216,257	15,979,910	16,927,509
Student & Instruction Related Service	3,657,933	3,906,220	4,480,159	6,298,685	4,496,247	3,614,699	3,979,637	3,749,927	3,659,194	3,911,384
General Administration	833,270	860,115	793,255	1,091,645	959,859	972,171	1,254,622	1,290,340	1,393,074	1,369,705
School Administration	4,816,528	5,092,002	4,622,005	4,410,527	4,907,815	4,726,857	4,726,396	4,789,149	4,930,210	5,129,997
Central Services	1,428,299	1,710,503	1,714,308	1,631,073	1,622,304	1,968,240	1,891,119	1,875,084	1,734,892	1,880,796
Administrative Information Technology	773,555	751,374	1,505,088	1,678,728	1,712,591	1,813,103	1,881,983	1,923,977	1,902,347	1,935,957
Plant Operations & Maintenance	8,695,511	9,211,480	10,636,370	11,233,188	12,086,546	11,699,083	11,927,877	10,904,242	10,690,008	12,031,653
Pupil Transportation	6,417,563	6,629,720	6,822,465	6,659,821	7,734,890	7,586,885	7,834,401	7,850,710	7,038,163	8,492,295
Unallocated Benefits	31,073,806	30,156,485	31,330,454	34,681,213	37,088,006	40,496,691	44,615,255	45,807,026	51,449,046	59,612,867
Other									461,018	579,334
Debt service:										
Principal	1,500,000	1,600,000	3,371,565	1,800,000	1,900,000	1,950,000	2,025,000	2,115,000	2,205,000	3,894,290
Interest	1,853,823	2,030,538	1,507,119	1,557,778	1,495,213	1,424,400	1,354,650	1,271,850	1,185,450	1,382,091
Cost of Issuance			146,300							
Capital outlay	3,539,862	9,339,852	15,184,910	11,791,448	3,868,125	3,490,654	5,010,550	6,442,442	4,452,824	5,298,374
Charter school	359,963	385,109	343,519	338,426	259,712	231,982	460,411	484,183	466,796	471,896
Special Schools	1,800,842	1,721,809	1,666							
Total expenditures	140,445,712	149,433,471	156,573,125	162,303,576	158,341,136	160,905,074	170,121,004	172,754,510	177,877,054	195,950,857
Excess (Deficiency) of revenues over (under) expenditures	3,337,735	(4,331,706)	(10,695,053)	(10,120,129)	(1,347,543)	3,064,729	999,944	3,017,448	7,862,069	2,326,819
Other financing sources (uses)										
Financed purchases (non-budgeted)	1,005,000	15,577,899	1,543,756	2,370,893	440,000	1,000,000	980,479	991,033	990,059	995,113
Bond proceeds		19,715,000	12,025,000							
Premium on bonds		2,808,788	2,712,779							
Payment to escrow agent		(22,334,260)	(14,591,479)							
Insurance proceeds	430,889									
Transfers in	350,895	1,612,942	50,052	552	37,212	294,053				
Transfers out	(362,748)	(1,615,011)	(50,052)	(552)	(37,212)	(294,053)			(523,179)	(211,991)
Total other financing sources (uses)	1,424,036	15,765,358	1,690,056	2,370,893	440,000	1,000,000	980,479	991,033	466,880	783,122
Net change in fund balances	\$ 4,761,771	\$ 11,433,652	\$ (9,004,997)	\$ (7,749,236)	\$ (907,543)	\$ 4,064,729	\$ 1,980,423	\$ 4,008,481	\$ 8,328,949	\$ 3,109,941
Debt service as a percentage of noncapital expenditures	2.45%	2.59%	3.45%	2.23%	2.20%	2.14%	2.05%	2.04%	1.96%	2.77%

Source: ACFR Schedule B-2

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

Fiscal Year Ended June 30,	Interest	Adult and Community Education and Regular Tuition *	Rentals	Refunds	Other	Total
2013	\$ 39,245	\$ 2,431,644	\$ 53,312		\$ 283,763	\$ 2,807,964
2014	12,743	2,312,311	57,029		296,302	2,678,385
2015	641	216,116	39,491		65,835	322,083
2016	2,438	281,529	36,669	\$ 77,501	146,771	544,908
2017	5,554	339,572	44,428	57,832	541,259	988,645
2018	17,278	232,372	63,036	179,965	637,989	1,130,640
2019	54,977	234,061	45,383	144,748	384,633	863,802
2020	42,701	187,399	25,634	157,543	181,596	594,873
2021	14,358	159,024		168,128	102,577	444,087
2022	29,236	294,658	495	61,731	183,741	569,861

Source: District records.

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

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

Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2013	\$ 66,904,400	\$ 4,403,242,200	\$ 326,400	\$ 4,400	\$ 2,070,234,400	\$ 254,664,800	\$ 401,241,700	\$ 7,196,618,300	\$ 576,340,400	\$ 10,643,519	\$ 7,207,261,819	\$ 1.69	\$ 8,418,714,892
2014	68,028,800	4,391,472,200	326,400	4,400	2,053,077,500	250,009,200	403,241,700	7,166,160,200	576,340,400	10,643,519	7,176,803,719	1.73	8,489,705,248
2015	67,577,600	4,399,306,700	326,400	8,900	2,045,286,500	244,410,200	403,241,700	7,160,158,000	592,396,100	422,050	7,160,580,050	1.75	8,482,594,479
2016	67,209,400	4,405,575,800	326,400	8,900	2,039,260,500	241,396,100	407,631,100	7,161,408,200	541,694,900	422,000	7,161,830,200	1.77	8,506,908,491
2017	66,696,500	4,412,211,300	326,400	8,900	2,055,900,100	245,653,300	408,131,100	7,188,927,600	534,875,600	415,750	7,189,343,350	1.81	8,645,733,734
2018	75,139,700	4,422,342,000			2,030,709,600	257,430,800	417,871,100	7,203,493,200	563,604,800	418,700	7,203,911,900	1.85	8,584,819,202
2019	66,964,400	4,440,741,500			2,032,704,100	258,224,400	445,301,100	7,243,935,500	573,584,700	417,000	7,244,352,500	1.94	8,686,273,981
2020	61,482,400	4,458,252,200			2,023,686,000	259,014,700	448,441,100	7,250,876,400	592,316,300	415,900	7,251,292,300	1.99	8,716,543,274
2021	59,798,500	4,463,749,800			2,029,258,800	260,592,200	458,049,100	7,271,448,400	593,839,500	411,600	7,271,860,000	2.02	8,833,149,174
2022	53,212,500	4,479,151,900			2,010,952,700	278,259,700	471,686,800	7,293,263,600	600,385,300	404,650	7,293,668,250	2.04	9,011,817,126

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

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

Reassessment occurs when ordered by the County Board of Taxation.

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

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

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

Fiscal Year Ended December 31,	Parsippany Troy Hills Schools			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of Parsippany- Troy Hills	Morris County	
2013	\$ 1.66	\$ 0.03	\$ 1.69	\$ 0.61	\$ 0.30	\$ 2.60
2014	1.69	0.04	1.73	0.61	0.30	2.64
2015	1.71	0.04	1.75	0.62	0.30	2.67
2016	1.73	0.04	1.77	0.63	0.30	2.70
2017	1.77	0.04	1.81	0.66	0.30	2.77
2018	1.81	0.04	1.85	0.66	0.31	2.82
2019	1.90	0.04	1.94	0.68	0.26	2.88
2020	1.95	0.04	1.99	0.68	0.27	2.94
2021	1.98	0.04	2.02	0.83	0.31	3.16
2022	2.00	0.04	2.04	0.83	0.29	3.16

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	2022		Taxpayer	2013	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Knoll Manor	\$ 61,015,400	0.84%	Knoll Manor Associates	\$ 61,015,400	0.85%
Morris Corporate Ctr HDQ III	58,875,100	0.81%	Morris Corporate Ctr HDQ III	58,875,100	0.82%
Morris Corporate Ctr HDQ I & II	56,160,700	0.77%	State Farm Insurance	58,544,700	0.81%
NJ Kimball, LLC	49,544,700	0.68%	Morris Corporate Ctr HDQ I & II	57,660,700	0.80%
Powder Mill Heights	47,831,300	0.66%	Powder Mill Heights	51,831,300	0.72%
Parsippany Gardens, LP	42,910,000	0.59%	Sylvan/Campus Rlty, LLC	49,101,800	0.68%
Troy Hills Village	42,906,500	0.59%	MCC IV - Phase I, LLC	43,526,900	0.60%
7 Sylvan - 8 Campus Realty, LLC	42,225,000	0.58%	Troy Hills Village	41,506,500	0.58%
2 Gatehall Drive Associates, LLC	40,677,800	0.56%	MCC IV - Phase II, LLC	41,107,000	0.57%
One Campus Drive, LLC	39,352,200	0.54%	Well REIT-Mult. State	40,677,800	0.56%
Total	<u>\$ 481,498,700</u>	<u>6.60%</u>		<u>\$ 503,847,200</u>	<u>6.99%</u>
Net Assessed Value	<u>\$ 7,293,668,250</u>			<u>\$ 7,207,261,819</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	
2013	\$ 120,411,379	\$ 120,411,379	100.00%	-
2014	123,251,904	123,251,904	100.00%	-
2015	124,936,750	124,936,750	100.00%	-
2016	128,386,814	128,386,814	100.00%	-
2017	130,899,879	130,899,879	100.00%	-
2018	135,017,696	135,017,696	100.00%	-
2019	138,781,418	138,781,418	100.00%	-
2020	142,614,021	142,614,021	100.00%	-
2021	145,413,031	145,413,031	100.00%	-
2022	148,314,304	148,314,304	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			Percentage of Personal Income ^(a)	Per Capita ^(a)
	General Obligation Bonds	Financed Purchases	Total District		
2013	\$ 41,083,000	\$ 3,042,587	\$ 44,125,587	1.07%	\$ 823
2014	38,848,000	18,567,079	57,415,079	1.30%	1,070
2015	35,270,000	18,798,211	54,068,211	1.25%	1,010
2016	33,470,000	18,994,034	52,464,034	1.17%	981
2017	31,570,000	16,891,317	48,461,317	1.03%	910
2018	29,620,000	15,204,082	44,824,082	0.95%	843
2019	27,595,000	13,919,333	41,514,333	0.84%	794
2020	25,480,000	11,785,326	37,265,326	0.73%	723
2021	23,275,000	11,336,757	34,611,757	0.66%	675
2022	21,035,000	10,682,466	31,717,466	0.55%	565

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			Percentage of Net Valuation Taxable ^(a)	Per Capita ^(b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	\$ 41,083,000		\$ 41,083,000	0.57%	\$ 823
2014	38,848,000		38,848,000	0.54%	1,070
2015	35,270,000	\$ 37,829	35,232,171	0.49%	1,010
2016	33,470,000	37,309	33,432,691	0.47%	981
2017	31,570,000	2,069	31,567,931	0.44%	910
2018	29,620,000	1,516	29,618,484	0.41%	843
2019	27,595,000		27,595,000	0.38%	794
2020	25,480,000		25,480,000	0.35%	723
2021	23,275,000		23,275,000	0.32%	675
2022	21,035,000		21,035,000	0.29%	565

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.

Source: School District Financial Records

Parsippany-Troy Hills School District
Ratios of Overlapping Governmental Activities Debt
As of December 31, 2021
Unaudited

	<u>Debt Authorized and Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Parsippany	\$ 104,730,766	100.00%	\$ 104,730,766
Morris County General Obligation Debt	235,030,042	8.95%	<u>21,035,189</u>
Subtotal overlapping debt			125,765,955
Parsippany-Troy Hills School District Direct Net Debt			<u>21,035,000</u>
Total direct and overlapping debt			<u><u>\$ 146,800,955</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

J-13

Legal Debt Margin Calculation for Fiscal Year 2022
Equalized valuation basis

2022	\$ 9,011,817,126
2021	8,833,149,174
2020	8,716,543,274
	<u>\$ 26,561,509,574</u>

Average equalized valuation of taxable property \$ 8,853,836,525

Debt limit ^a (4 % of average equalization value) \$ 354,153,461
Net bonded school debt 21,035,000
Legal debt margin \$ 333,118,461

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 346,251,871	\$ 338,350,892	\$ 338,546,862	\$ 339,722,776	\$ 341,145,899	\$ 343,166,152	\$ 345,557,692	\$ 346,501,819	\$ 349,812,886	\$ 354,153,461
Total net debt applicable to limit	<u>41,083,000</u>	<u>38,848,000</u>	<u>35,232,171</u>	<u>33,432,691</u>	<u>31,567,931</u>	<u>29,618,484</u>	<u>27,595,000</u>	<u>25,480,000</u>	<u>23,275,000</u>	<u>21,035,000</u>
Legal debt margin	<u>\$ 305,168,871</u>	<u>\$ 299,502,892</u>	<u>\$ 303,314,691</u>	<u>\$ 306,290,085</u>	<u>\$ 309,577,968</u>	<u>\$ 313,547,668</u>	<u>\$ 317,962,692</u>	<u>\$ 321,021,819</u>	<u>\$ 326,537,886</u>	<u>\$ 333,118,461</u>
Total net debt applicable to the limit as a percentage of debt limit	11.87%	11.48%	10.41%	9.84%	9.25%	8.63%	7.99%	7.35%	6.65%	5.94%

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

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

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

Year	Population ^a	Personal Income ^b	Morris County Per Capita Personal Income ^a	Unemployment Rate ^a
2013	53,594	\$ 4,137,831,958	\$ 77,207	7.30%
2014	53,681	4,403,291,387	82,027	6.10%
2015	53,544	4,329,996,192	80,868	4.20%
2016	53,476	4,475,246,012	83,687	4.20%
2017	53,278	4,682,923,088	87,896	4.00%
2018	53,201	4,738,347,065	89,065	3.70%
2019	52,265	4,926,446,635	94,259	3.30%
2020	51,561	5,096,392,362	98,842	2.80%
2021	51,305	5,214,948,030	101,646	8.10%
2022	56,120	5,736,979,240	102,227	4.90%

^a Provided by the NJ Dept of Education.

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

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

2022			2013		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
United Parcel Post	2,800	N/A	United Parcel Service	1,927	N/A
Wyndham Worldwide	1,500	N/A	Wyndham	1,366	N/A
Tiffany and Company	1,000	N/A	Automatic Data Processin	1,300	N/A
Avis/Budget Group	900	N/A	Avis	1,025	N/A
TEVA Pharmaceuticals	900	N/A	Deloitte & Touche	1,000	N/A
GAF	800	N/A	Tiffany and Company	710	N/A
ADP	800	N/A	State Farm	700	N/A
NJ Manufacturers Insurance	750	N/A	Common Health	555	N/A
T Mobile	750	N/A	EBI-Evonik Corp	525	N/A
Day Pitney	750	N/A	NY Life Inv. Mgmt	500	N/A
	<u>10,950</u>			<u>9,608</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction:										
Regular	519.2	521.7	509.0	519.8	524.7	521.8	527.1	526.5	532.6	536.5
Special Education	113.0	112.6	108.0	116.0	115.4	117.4	118.5	121.4	116.9	129.9
Support Services:										
Student & Instruction Related Services	102.4	118.9	104.8	104.9	105.6	113.0	111.0	116.6	123.6	129.0
School Administrative Services	37.3	35.0	38.0	40.0	38.0	36.0	36.0	36.0	37.0	37.0
General & Business Administrative Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant Operations and Maintenance	98.5	103.5	110.0	110.5	108.0	110.5	114.5	113.5	113.5	115.0
Pupil Transportation	22.0	22.0	25.0	26.0	27.0	27.0	27.0	27.0	28.0	29.0
Business and Other Support Services	81.5	87.0	85.5	85.0	81.0	78.0	73.5	73.0	73.0	74.0
Total	<u>976.9</u>	<u>1,003.7</u>	<u>983.3</u>	<u>1,005.2</u>	<u>1,002.6</u>	<u>1,006.7</u>	<u>1,010.6</u>	<u>1,017.0</u>	<u>1,027.6</u>	<u>1,053.4</u>

Source: District Personnel Records

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

Pupil/Teacher Ratio

At June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Elementary	Middle School	High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2013	7,270	\$ 133,552,027	\$18,370	1.86%	735	13.2:1	9.1:1	10.3:1	7,270	6,833	0.04%	93.99%
2014	7,014	136,463,081	19,456	5.91%	753	10.2:1	8.2:1	9.1:1	7,014	6,726	-3.52%	95.89%
2015	6,959	136,363,231	19,595	0.72%	722	12.1:1	9.3:1	10.3:1	6,959	6,686	-0.78%	96.08%
2016	7,014	145,783,457	20,785	6.07%	741	10.5:1	8.5:1	8.7:1	7,014	6,748	0.79%	96.21%
2017	7,043	151,077,798	21,451	3.20%	746	11.7:1	10.3:1	10.4:1	6,993	6,710	-0.30%	95.95%
2018	7,032	154,040,020	21,906	2.12%	753	11.6:1	10.5:1	10.3:1	7,024	6,758	0.44%	96.21%
2019	7,170	160,824,956	22,430	2.40%	757	12.1:1	10.5:1	10.3:1	7,130	6,857	1.51%	96.17%
2020	7,259	162,925,218	22,445	0.06%	765	12.2:1	10.5:1	10.1:1	7,207	6,991	1.08%	97.00%
2021	7,171	170,033,780	23,711	5.64%	773	12.0:1	10.3:1	10.1:1	7,082	6,901	-1.73%	97.44%
2022	7,011	185,376,102	26,441	11.51%	795	11.3:1	10.2:1	9.6:1	7,015	6,589	-0.95%	93.93%

Note: Enrollment's based October 15, 2021 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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
District Building										
Parisippany High School (1956)										
Square Feet	174,377	174,377	174,377	174,377	174,377	174,377	174,377	174,377	174,377	174,377
Capacity (students)	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106
Enrollment	1,008	971	932	928	929	900	913	923	925	898
Parsippany Hills High School (1970)										
Square Feet	218,009	218,009	218,009	218,009	218,009	218,009	218,009	218,009	218,009	218,009
Capacity (students)	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
Enrollment	1,139	1,071	1,055	1,032	1,075	1,067	1,075	1,082	1,063	1,028
Brooklawn Middle School (1965)										
Square Feet	125,310	125,310	125,310	125,310	125,310	125,310	125,310	125,310	125,310	125,310
Capacity (students)	900	900	900	900	900	900	900	900	900	900
Enrollment	844	881	863	878	886	919	918	877	861	896
Central Middle School (1928)										
Square Feet	138,221	138,221	138,221	138,221	138,221	138,221	138,221	138,221	138,221	138,221
Capacity (students)	846	846	846	846	846	846	846	846	846	846
Enrollment	812	753	761	790	785	793	789	817	833	807
Eastlake Elementary School (1967)										
Square Feet	31,589	31,589	31,589	31,589	31,589	31,589	31,589	31,589	31,589	31,589
Capacity (students)	266	266	266	266	266	266	266	266	266	266
Enrollment	338	335	323	312	332	329	350	362	367	359
Intervale Elementary School (1966)										
Square Feet	37,731	37,731	37,731	37,731	37,731	37,731	37,731	37,731	37,731	37,731
Capacity (students)	286	286	286	286	286	286	286	286	286	286
Enrollment	298	285	297	299	297	287	279	280	275	255
Knollwood Elementary School (1961)										
Square Feet	33,880	33,880	33,880	33,880	33,880	33,880	33,880	33,880	33,880	33,880
Capacity (students)	281	281	281	281	281	281	281	281	281	281
Enrollment	312	331	347	365	367	401	414	402	386	379
Lake Hiawatha Elementary School (1952)										
Square Feet	44,424	44,424	44,424	44,424	44,424	44,424	44,424	44,424	44,424	44,424
Capacity (students)	328	328	328	328	328	328	328	328	328	328
Enrollment	431	423	417	427	416	395	406	427	423	417
Lake Parsippany Elementary School (1949)										
Square Feet	36,747	36,747	36,747	36,747	36,747	36,747	36,747	36,747	36,747	36,747
Capacity (students)	297	297	297	297	297	297	297	297	297	297
Enrollment	334	320	318	298	294	284	283	260	261	271
Littleton Elementary School (1958)										
Square Feet	41,890	41,890	41,890	41,890	41,890	41,890	41,890	41,890	41,890	41,890
Capacity (students)	320	320	320	320	320	320	320	320	320	320
Enrollment	381	359	369	393	390	375	405	445	422	422
Mt. Tabor Elementary School (1930)										
Square Feet	42,712	42,712	42,712	42,712	42,712	42,712	42,712	42,712	42,712	42,712
Capacity (students)	302	302	302	302	302	302	302	302	302	302
Enrollment	430	406	414	403	402	439	449	425	388	355
Northvail elementary School (1966)										
Square Feet	32,798	32,798	32,798	32,798	32,798	32,798	32,798	32,798	32,798	32,798
Capacity (students)	278	278	278	278	278	278	278	278	278	278
Enrollment	371	368	362	375	375	377	372	356	381	383
Rockaway Meadow Elementary School (1966)										
Square Feet	36,366	36,366	36,366	36,366	36,366	36,366	36,366	36,366	36,366	36,366
Capacity (students)	280	280	280	280	280	280	280	280	280	280
Enrollment	270	245	252	243	242	228	257	268	266	258
Troy Hills Elementary School (1964)										
Square Feet	36,954	36,954	36,954	36,954	36,954	36,954	36,954	36,954	36,954	36,954
Capacity (students)	289	289	289	289	289	289	289	289	289	289
Enrollment	302	266	249	248	253	238	260	292	301	290
Other:										
Windish Administration (1965)										
Square Feet	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Maintenance Building (1900)										
Square Feet	4,074	4,074	4,074	4,074	4,074	4,074	4,074	4,074	4,074	4,074
Board Office (acquired in 2006)										
Square Feet	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500
Number of Schools at June 30, 2022										
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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Parsippany High School	\$ 328,401	\$ 386,218	\$ 436,982	\$ 444,752	\$ 404,580	\$ 442,231	\$ 458,071	\$ 430,227	\$ 440,776	\$ 439,375
Parsippany Hills High School	410,880	483,520	547,074	556,802	506,507	553,645	573,476	538,617	551,824	550,070
Brooklawn Middle School	225,776	277,542	314,022	319,606	290,737	317,794	329,177	309,168	316,748	315,742
Central Middle School	246,301	289,650	327,722	333,549	303,421	331,658	343,538	322,656	330,568	329,517
Eastlake Elementary School	61,575	69,345	78,459	79,854	72,641	79,401	82,246	77,246	79,140	78,889
Intervale Elementary School	82,100	86,450	97,813	99,552	90,560	98,987	102,533	96,301	98,662	98,348
Knollwood Elementary School	81,995	75,039	84,902	86,412	78,606	85,922	89,000	83,590	85,639	85,367
Lake Hiawatha Elementary School	102,625	98,392	111,325	113,304	103,070	112,662	116,697	109,604	112,291	111,934
Lake Parsippany Elementary School	61,600	81,389	92,087	93,724	85,258	93,193	96,531	90,663	92,886	92,591
Littleton Elementary School	61,578	92,780	104,975	106,841	97,191	106,236	110,041	103,352	105,886	105,549
Mt.Tabor Elementary School	61,580	94,600	107,035	108,938	99,098	108,320	112,200	105,380	107,964	107,621
Northvail Elementary School	61,599	72,642	82,191	83,652	76,096	83,178	86,157	80,920	82,904	82,641
Rockaway Meadow Elementary School	82,140	80,545	91,132	92,752	84,374	92,226	95,530	89,723	91,923	91,631
Troy Hills elementary School	82,106	81,847	92,605	94,252	85,738	93,718	97,075	91,174	93,409	93,112
Administration Building	82,105	80,842	91,468	93,094	84,685	92,566	95,882	90,054	92,261	91,969
Maintenance Building	20,525	9,024	10,209	10,391	9,452	10,332	10,702	10,052	10,298	10,265
Grand Total	<u>\$ 2,052,886</u>	<u>\$ 2,359,825</u>	<u>\$ 2,670,001</u>	<u>\$ 2,717,475</u>	<u>\$ 2,472,014</u>	<u>\$ 2,702,068</u>	<u>\$ 2,798,856</u>	<u>\$ 2,628,727</u>	<u>\$ 2,693,179</u>	<u>\$ 2,684,621</u>

Source: District records of required maintenance.

Parsippany-Troy Hills School District
Insurance Schedule
Year ended June 30, 2022
Unaudited

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

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

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 ("*Government Auditing Standards*"), the financial statements of the governmental activities, the business-type activities and each major fund 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 13, 2023.

Report on 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) as a basis for designing 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.

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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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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.



PKF O'Connor Davies, LLP

Cranford, New Jersey
March 13, 2023



Scott A. Clelland, CPA
Licensed Public School Accountant
No. 1049

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Parsippany-Troy Hills School District's, 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, 2022. 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.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the audit requirements of *Title 2 U.S. Code of Federal Regulations 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*. Our responsibilities under those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Cranford, New Jersey
March 13, 2023

Scott A. Clelland

Scott A. Clelland, CPA
Licensed Public School Accountant No. 1049

Parsippany-Troy Hills School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Federal FAIN Number	Grant or State Period Number	Grant Period	Award Amount	Balance June 30, 2021				Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2022			Amounts Provided to Subrecipients
						(Accounts Receivable)	Unearned Revenue	Due to Grantor							(Accounts Receivable)	Unearned Revenue	Due to Grantor	
General Fund:																		
U.S. Department of Health and Human Services - Passed-through																		
State Department of Education:																		
Medical Assistance Program (SEM)	93.778	2105NJ5MAP	N/A	7/1/21-6/30/22	\$ 75,055						\$ 75,055	\$ 75,055						
Total U.S. Department of Health and Human Services - Passed-through State Department of Education											<u>75,055</u>	<u>75,055</u>						
U.S. Department of Homeland Security - Passed through																		
State Department of Education																		
Disaster Grants - Public Assistance	97.036	FEMA-4488-DR-NJ	N/A	7/1/21-6/30/22	15,782						15,782	15,782						
Total U.S. Department of Homeland Security - Passed through State Department of Education											<u>15,782</u>	<u>15,782</u>						
Total General Fund																		
											<u>90,837</u>	<u>90,837</u>						
Special Revenue Fund:																		
U.S. Department of Education-Passed-Through State																		
Department of Education																		
Title I, Part A	84.010A	S010A210030	ESEA395020	7/1/21-9/30/22	643,568						127,691	252,440			\$ (124,749)			
Title I, Part A	84.010A	S010A200030	ESEA395020	7/1/20-9/30/21	374,538	\$ (109,975)					109,975							
Title II, Part A	84.367A	S367A210029	ESEA395020	7/1/21-9/30/22	206,474						54,369	61,934					(7,565)	
Title II, Part A	84.367A	S367A200029	ESEA395020	7/1/20-9/30/21	104,709	(5,181)					5,181							
Title II, Part A	84.367A	S367A190029	ESEA395020	7/1/19-9/30/20	107,885	(11,593)					11,593							
Language Instruction for English Learners and Immigrant Students:																		
Title III	84.365A	S365A210030	ESEA395020	7/1/21-9/30/22	111,167						100,361	110,253					(9,892)	
Title III	84.365A	S365A200030	ESEA395020	7/1/20-9/30/21	103,513	(12,547)					12,547							
Title III - Supplemental Immigrant Student Aid	83.365	S365A210030	ESEA395020	7/1/21-9/30/22	9,316						5,271	9,278					(4,007)	
Title III - Supplemental Immigrant Student Aid	84.365	S365A200030	ESEA395020	7/1/20-9/30/21	35,228	(16,191)					16,191							
Total of Language Instruction for English Learners and Immigrant Students						(28,738)					<u>134,370</u>	<u>119,531</u>					(13,899)	
Title IV	84.424	S424A210031	ESEA395020	7/1/21-9/30/22	32,325						28,007	31,007					(3,000)	
Special Education Grant Cluster:																		
I.D.E.A. Part B, Regular	84.027	H027A210100	IDEA395020	7/1/21-9/30/22	2,054,241						1,048,972	1,477,723					(428,751)	
I.D.E.A. Part B, Regular	84.027	H027A200100	IDEA395020	7/1/20-9/30/21	2,081,165	(442,253)					442,253							
I.D.E.A. Part B, Regular	84.027	H027A190100	IDEA395020	7/1/19-9/30/20	1,623,625	(380)					380							
I.D.E.A. Part B, Preschool	84.173	H173A210114	IDEA395020	7/1/21-9/30/22	62,155						42,460	61,609					(19,149)	
I.D.E.A. Part B, Preschool	84.173	H173A200114	IDEA395020	7/1/20-9/30/21	77,630	(33,267)					33,267							
COVID-19 ARP I.D.E.A. (ARP I.D.E.A.)	84.027X	H027X210100	N/A	7/1/21-9/30/22	335,385						310,217	335,205					(24,988)	
COVID-19 ARP I.D.E.A. (ARP I.D.E.A.), Preschool	84.173X	H173X210114	N/A	7/1/21-9/30/22	28,604						20,850	22,538					(1,688)	
Total of Special Education Grant Cluster						(475,900)					<u>1,898,399</u>	<u>1,897,075</u>					(474,576)	
Education Stabilization Fund:																		
COVID-19 Coronavirus Aid Relief and Economic Security Act of 2020 (CARES Act)	84.425D	S425D200027	S425D200027	3/13/20-9/30/22	344,409		\$ 4,124					3,399					\$ 725	
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER) II	84.425D	S425D200027	S425D200027	3/13/20-9/30/23	1,227,725	(97,109)					747,522	679,089					(28,676)	
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER) II - Learning Acceleration	84.425D	S425D210027	S425D210027	3/13/20-9/30/23	78,789						61,791	61,791						
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER) II - Mental Health	84.425D	S425D210027	S425D210027	3/13/20-9/30/23	45,000						39,279	37,400					1,879	
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	S425U210027	S425U210027	3/13/20-9/30/24	2,759,232							17,350					(17,350)	
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP ESSER) - Beyond the School Day	84.425U	S425U210027	S425U210027	3/13/20-9/30/24	43,119						27,069	32,290					(5,221)	
Total Education Stabilization Fund						(97,109)	4,124				<u>875,661</u>	<u>831,319</u>					(51,247)	2,604
Total U.S. Department of Education-Passed-Through State Department of Education						(728,496)	4,124				<u>3,245,246</u>	<u>3,193,306</u>					(675,036)	2,604
U.S. Department of Treasury-Passed-Through State Department of Education																		
COVID-19 - CRF Nonpublic Digital Divide	21.019	S377A130031		7/16/20-10/31/20	14,356						84							84
Total Coronavirus Relief Fund											<u>84</u>							84
Total Special Revenue Fund						(728,496)	4,208				<u>3,245,246</u>	<u>3,193,306</u>					(675,036)	2,688
U.S. Department of Agriculture-Passed-Through State Department of Agriculture																		
Enterprise Fund:																		
Child Nutrition Cluster:																		
U.S.D.A Food Donation Program (NC)	10.555	211NJ304N1099	N/A	7/1/21-6/30/22	236,301						236,301	223,386						12,915
U.S.D.A Food Donation Program (NC)	10.555	201NJ304N1099	N/A	7/1/20-6/30/21	257,136					13,399		13,399						
COVID-19 Emergency Operational Costs Reimbursement Program	10.555	2021H170341	N/A	7/1/20-6/30/21	39,009						39,009	39,009						
School Breakfast Program	10.553	211NJ304N1099	N/A	7/1/21-6/30/22	1,811,103						1,669,521	1,811,103					(141,582)	
School Breakfast Program	10.553	201NJ304N1099	N/A	7/1/20-6/30/21	1,071,295	(123,464)					123,464							
National School Lunch Program	10.555	211NJ304N1099	N/A	7/1/21-6/30/22	4,181,428						3,820,712	4,181,428					(360,716)	
National School Lunch Program	10.555	201NJ304N1099	N/A	7/1/20-6/30/21	383,746	(242,795)					233,269		\$ 9,526					
Total of Child Nutrition Program Cluster						(366,259)	13,399				<u>6,122,276</u>	<u>6,268,325</u>	<u>9,526</u>				(502,298)	12,915
COVID-19 Pandemic EBT	10.649	202121S900941	N/A	7/1/20-6/30/21	3,063						3,063	3,063						
COVID-19 Pandemic EBT	10.649	202221S900941	N/A	7/1/21-6/30/22	3,135						3,135							
Total Enterprise Fund and Total U.S. Department of Agriculture-Passed-Through State Department of Agriculture						(366,259)	13,399				<u>6,128,474</u>	<u>6,274,523</u>	<u>9,526</u>				(502,298)	12,915
Total Expenditures of Federal Awards																		
						\$ (1,094,755)	\$ 17,607	\$ -	\$ -	\$ -	<u>9,464,557</u>	<u>9,558,666</u>	<u>\$ 9,526</u>	\$ -	\$ (1,177,334)	\$ 15,603	\$ -	\$ -

NC - non-cash expenditures

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

Parsippany-Troy Hills School District
Schedule of Expenditures of State Financial Assistance
Year ended June 30, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at at June 30, 2021		Carryover/ Walkover	Cash Received	Budgetary Expenditures	Repayment of Prior Years'		Balance at June 30, 2022			Memo	
				Unearned Rev. (Accts Rec)	Due to Grantor				Balances	Adjustments	Unearned Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
State Department of Education															
General Fund:															
Special Education Categorical Aid	495-034-5120-089	7/1/21-6/30/22	\$ 6,346,181				\$ 5,738,235	\$ 6,346,181						\$ (607,946)	\$ 6,346,181
Special Education Categorical Aid	495-034-5120-089	7/1/20-6/30/21	4,974,760	\$ (481,329)			481,329								
Equalization Aid	495-034-5120-078	7/1/21-6/30/22	92,029				84,615	92,029						(7,414)	92,029
Equalization Aid	495-034-5120-078	7/1/20-6/30/21	92,029	(8,904)			8,904								
Security Aid	495-034-5120-084	7/1/21-6/30/22	152,564				137,736	152,564						(14,828)	152,564
Security Aid	495-034-5120-084	7/1/20-6/30/21	152,564	(14,761)			14,761								
Transportation Aid	495-034-5120-014	7/1/21-6/30/22	1,163,059				1,051,849	1,163,059						(111,210)	1,163,059
Transportation Aid	495-034-5120-014	7/1/20-6/30/21	1,163,059	(112,531)			112,531								
Extraordinary Aid	100-034-5120-473	7/1/21-6/30/22	2,069,832					2,069,832				\$ (2,069,832)			2,069,832
Extraordinary Aid	100-034-5120-473	7/1/20-6/30/21	2,225,648	(2,225,648)			2,225,648								
Additional NP Transportation Aid	Not available	7/1/21-6/30/22	54,314					54,314				(54,314)			54,314
Additional NP Transportation Aid	Not available	7/1/20-6/30/21	47,662	(47,662)			47,662								
On-Behalf TPAF - Pension Contributions	495-034-5094-002	7/1/21-6/30/22	24,204,176				24,204,176	24,204,176							24,204,176
On-Behalf TPAF - Medical Contributions	495-034-5094-001	7/1/21-6/30/22	5,655,074				5,655,074	5,655,074							5,655,074
On-Behalf TPAF - Long-Term Disability Contributions	495-034-5094-004	7/1/21-6/30/22	7,443				7,443	7,443							7,443
Reimbursed TPAF - Social Security	495-034-5094-003	7/1/21-6/30/22	4,913,012				4,670,555	4,913,012				(242,457)			4,913,012
Total State Department of Education				(2,890,835)			44,440,518	44,657,684				(2,366,603)		(741,398)	44,657,684
NJ Schools Development Authority															
General Fund:															
School Security Grant (Alyssa's Law)	20E00395	4/1/21-3/1/23	400,367	(47,753)				255,835				(303,588)			255,835
Total NJ Schools Development Authority				(47,753)				255,835				(303,588)			255,835
Total General Fund				(2,938,588)			44,440,518	44,913,519				(2,670,191)		(741,398)	44,913,519
Special Revenue Fund:															
Non Public Auxiliary Services (Ch. 192):	100-034-5120-067														
Compensatory Education		7/1/21-6/30/22	20,603				20,603	17,468					\$ 3,135		17,468
Compensatory Education		7/1/20-6/30/21	27,869		\$ 6,340				\$ 6,340						
Home Instruction		7/1/21-6/30/22	1,396					1,396				(1,396)			1,396
Non Public Handicapped Services (Ch. 193):	100-034-5120-066														
Supplemental Instruction		7/1/21-6/30/22	21,476				21,476	20,320					1,156		20,320
Supplemental Instruction		7/1/20-6/30/21	21,856		2,104				2,104						
Examination and Classification		7/1/21-6/30/22	18,589				18,589	15,197					3,392		15,197
Examination and Classification		7/1/20-6/30/21	32,324		4,109				4,109						
Corrective Speech		7/1/21-6/30/22	17,670				17,670	9,021					8,649		9,021
Corrective Speech		7/1/20-6/30/21	16,770		820				820						
New Jersey Non-Public Aid:															
Nursing	100-034-5120-070	7/1/21-6/30/22	32,480				32,480	32,138					342		32,138
Textbook Aid	100-034-5120-064	7/1/21-6/30/22	17,345				17,345	17,077					268		17,077
Technology Aid	100-034-5120-373	7/1/21-6/30/22	12,138				12,138	11,914					224		11,914
Security Aid	100-034-5120-509	7/1/21-6/30/22	50,750				50,750	39,482					11,268		39,482
Security Aid	100-034-5120-509	7/1/20-6/30/21	57,750		25,870				25,870						
NJ Schools Development Authority															
Special Revenue Fund:															
SDA Emergent Needs and Capital Maintenance	Not available	7/1/21-6/30/22	171,417				171,417	171,417							171,417
Total NJ Schools Development Authority							171,417	171,417							171,417
Total Special Revenue Fund					39,243		362,468	335,430	39,243			(1,396)	28,434		335,430
Debt Service Fund:															
Type II Aid	100-034-5120-075	7/1/21-6/30/22	565,300				565,300	565,300							565,300
Total Debt Service Fund							565,300	565,300							565,300
State Department of Agriculture															
Enterprise Fund:															
State School Lunch Program (State share)	100-010-3350-023	7/1/21-6/30/22	97,400				89,185	97,400				(8,215)			97,400
State School Lunch Program (State share)	100-010-3350-023	7/1/20-6/30/21	94,238	(16,509)			26,035			\$ (9,626)					
Total Enterprise Fund				(16,509)			115,220	97,400		(9,626)		(8,215)			97,400
Total State Financial Assistance				\$ (2,955,097)	\$ 39,243	\$ -	\$ 45,483,506	\$ 45,911,649	\$ 39,243	\$ (9,626)	\$ -	\$ (2,679,802)	\$ 28,434	\$ (741,398)	\$ 45,911,649
State Financial Assistance Not Subject to															
Single Audit Determination:															
On-Behalf TPAF - Pension Contributions	495-034-5094-002	7/1/21-6/30/22	24,204,176				\$ 24,204,176	\$ 24,204,176							\$ 24,204,176
On-Behalf TPAF - Medical Contributions	495-034-5094-001	7/1/21-6/30/22	5,655,074				5,655,074	5,655,074							5,655,074
On-Behalf TPAF - Long-Term Disability Contributions	495-034-5094-004	7/1/21-6/30/22	7,443				7,443	7,443							7,443
Total State Financial Assistance Subject to															
Single Audit Determination				\$ (2,955,097)	\$ 39,243	\$ -	\$ 15,616,813	\$ 16,044,956	\$ 39,243	\$ (9,626)	\$ -	\$ (2,679,802)	\$ 28,434	\$ (741,398)	\$ 70,123,268

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

Parsippany-Troy Hills School District

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

Year ended June 30, 2022

1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal award and state financial assistance activity under programs of the federal and state government for the year ended June 30, 2022. The District is defined in Note 1 to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

The information in these schedules are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* 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*. Therefore, some amounts presented in these schedules may differ from amounts presented, or used in the preparation of, the basic financial statements. Because the schedules present only selected portions of the operations of the District, they are not intended to and do not present the financial position, changes in net position, or cash flows of the District.

2. Summary of Significant Accounting Policies

The expenditures reported on the accompanying schedules of expenditures of federal awards and state financial assistance (Schedules) are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and New Jersey OMB Circular 15-08, wherein certain types of expenditures are allowable or are limited as to reimbursement. These bases of accounting is described in Note 1 to the District's basic financial statements.

Parsippany-Troy Hills School District

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

Year ended June 30, 2022

3. Relationship to Basic Financial Statements

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

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 \$123,873 for the general fund and \$174,734, for the special revenue fund. See Note to Required Supplementary Information (C-3) for a reconciliation of the budgetary basis to GAAP of accounting for the general and special revenue funds. Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ 90,837	\$44,789,646	\$44,880,483
Special Revenue Fund	3,164,419	189,583	3,354,002
Debt Service Fund		565,300	565,300
Food Service Enterprise Fund	6,274,523	97,400	6,371,923
Total financial award revenues	<u>\$ 9,529,779</u>	<u>\$45,641,929</u>	<u>\$55,171,708</u>

Parsippany-Troy Hills School District

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

Year ended June 30, 2022

3. Relationship to Basic Financial Statements (continued)

The adjustment to reconcile from budgetary basis accounts receivable to GAAP basis accounts receivable is \$54,303 for the special revenue fund. This is a result of recognizing encumbrances as expenditures on the budgetary basis but not the GAAP basis.

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, 2022.

The post retirement pension, medical benefits and long-term disability benefits on-behalf of the District for the year ended June 30, 2022 amounted to \$29,866,693. Since on-behalf post retirement pension, medical benefits and long-term disability are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08. However, they are required to be reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

6. Indirect Costs

The District elected not to use the 10% de minimis indirect cost rate allowed by the Uniform Guidance.

7. Adjustments

The adjustments presented on schedule K-3 and K-4 are the result of reallocations of grant misallocations in prior years or cancellations of accounts receivable and encumbrances.

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

Year ended June 30, 2022

Part I - Summary of Auditors' Results

Financial Statement Section

Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes ☒ No

Significant deficiency(ies) identified?

Yes ☒ None Reported

Noncompliance material to the basic financial statements noted?

Yes ☒ No

Federal Awards

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

\$750,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Internal control over major federal programs:

Material weakness(es) identified?

Yes ☒ No

Significant deficiency(ies) identified?

Yes ☒ None Reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes ☒ No

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

Year ended June 30, 2022

Part I - Summary of Auditors' Results

Identification of major federal programs:

AL Number(s)	FAIN Number	Name of Federal Program or Cluster
84.027/84.173 84.027X/84.173X	H027A210100/ H173A210114 H027X210100/ H173X210114	IDEA Part B, Basic and Preschool (Special Education Cluster)
84.425D/84.425U	S425D210027/S425U210027	COVID-19 Education Stabilization Fund
10.555/10.553	211NJ304N1099	Child Nutrition Program Cluster

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

Year ended June 30, 2022

Part I - Summary of Auditors' Results

State Financial Assistance

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:

GMIS/Program Number	Name of State Program or Cluster
495-034-5120-014	Transportation Aid
100-034-5120-473	Extraordinary Aid
20E00395	School Security Grant (Alyssa's Law)

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

Year ended June 30, 2022

Part II – Schedule of Financial Statement Findings

No compliance or internal control over financial reporting 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, 2022

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

This section identifies any 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 or questioned costs noted that are required to be reported in accordance with 2 CFR 200 Section 516(a).

State Award Programs

No compliance or internal control over compliance findings or questioned costs 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, 2022

No prior year findings were noted.