

# Parsippany-Troy Hills School District

Parsippany  
County of Morris  
New Jersey

Annual Comprehensive Financial Report  
For the Year Ended  
June 30, 2021

# **Parsippany-Troy Hills School District**

Annual Comprehensive Financial Report  
For the Year Ended June 30, 2021

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

Prepared by Parsippany-Troy Hills  
Business Office

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# Introductory Section

*Robin C. Tedesco*  
*Interim Business Administrator/Board Secretary*

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March 14, 2022

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 of the Parsippany-Troy Hills School District (the "District") for the fiscal year ended June 30, 2021, 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 Annual Comprehensive Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the District's organizational chart, a roster of officials and a list of professionals that provide services to the District. The financial section includes the Independent Auditors' Report, the Management's Discussion and Analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, generally presented on a multi-year basis and is unaudited. The District is required to undergo an annual single audit in conformity with the provisions of the Federal Uniform Guidance and New Jersey's OMB Circular 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 2020-2021 fiscal year with a resident enrollment of 7,198 students and an average daily enrollment of 7,082 students, which is a decrease of 125 students from the previous year's average daily enrollment.

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

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2020-2021	7,082	-1.73%
2019-2020	7,207	1.08%
2018-2019	7,130	1.51%
2017-2018	7,024	0.44%
2016-2017	6,993	-0.30%

The District is anticipating a resident enrollment of approximately 7,140 students for the 2021-2022 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 make 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 2020-2021 school year, the District began a partial roof replacement project at Parsippany Hills High School, installed roll-up curtains in the Parsippany High School and Parsippany Hills High School gymnasiums and replaced fencing at Brooklawn Middle School and 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 has been using the Marshall Model and will begin piloting the Danielson model 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, 2021, 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 Wiss & Company, LLP was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the 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) COVID-19 PANDEMIC**

The 2019-2020 school year was an unprecedented year due to the COVID-19 pandemic. Parsippany-Troy Hills, along with school districts across the state, faced multiple instructional, technological and financial challenges in implementing virtual instruction. The district was tasked with meeting the needs of students and staff through new, creative measures which were not anticipated in the 2019-2020 budget. While school districts were mandated to honor contracts, despite not receiving services, Parsippany-Troy Hills successfully renegotiated reductions to various transportation contracts during the school closure.

The 2020-2021 school year presented new instructional and technological challenges to Parsippany-Troy Hills as students were welcomed back to school on a hybrid schedule while some students remained virtual. The district received additional federal and state funding to assist in offsetting the additional costs associated with adjusting instruction to accommodate all students during this time. The district continues to carefully plan programs in accordance with the rules and regulations set forth in the grants to support student learning and the safety and well-being of staff and students.

## **9) 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, 2020. This was the fourth 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

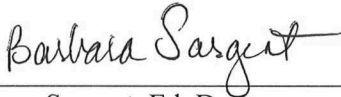
report satisfied both accounting principles generally accepted in the United States and applicable legal requirements.

The Certificate is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Programs' requirements and we are submitting it to ASBO to determine its eligibility for the fiscal year 2020-2021 certificate.

## 10) ACKNOWLEDGMENTS

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

Respectfully submitted,



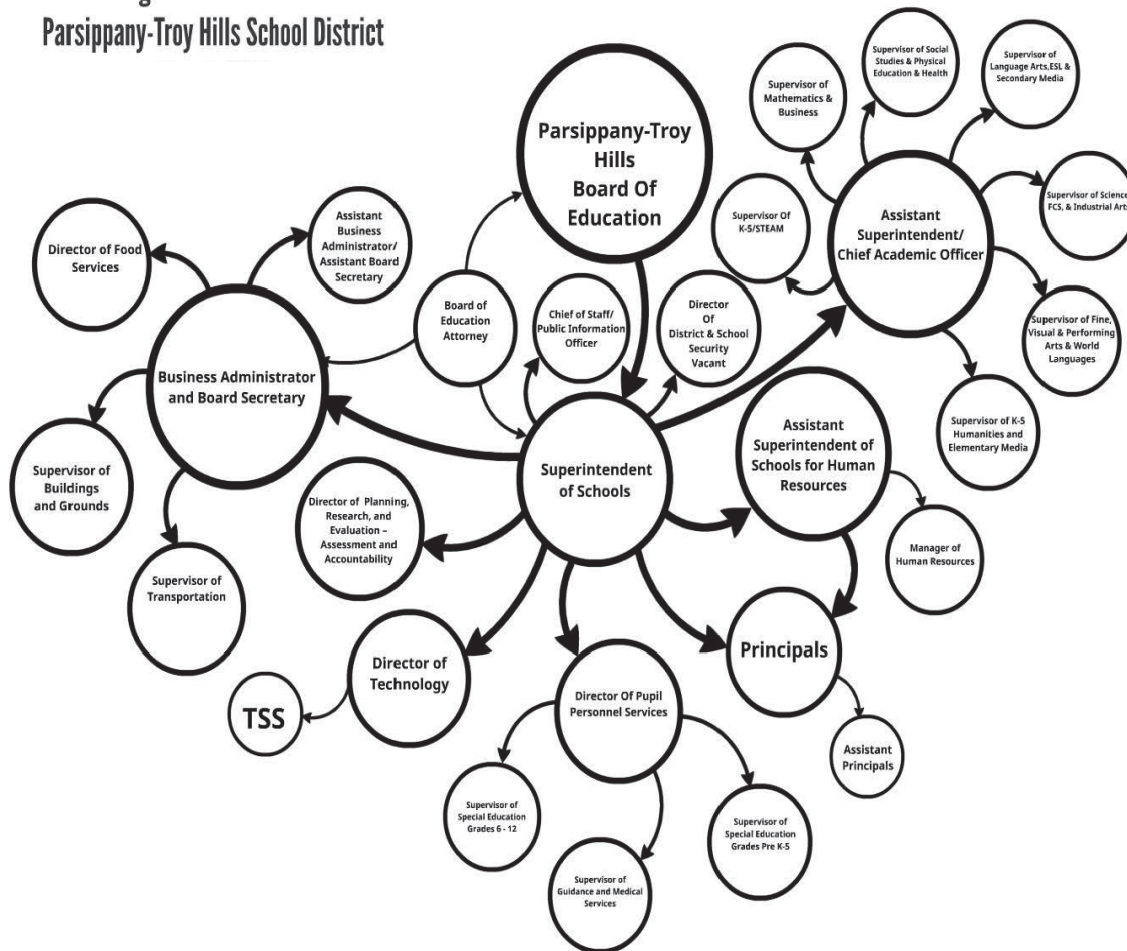
Barbara Sargent, Ed. D.  
Superintendent of Schools



Robin C. Tedesco  
Interim Business Administrator/Board Secretary

## 1110 ORGANIZATIONAL CHART

Organizational Chart  
Parsippany-Troy Hills School District



**PARSIPPANY-TROY HILLS SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Frank Neglia, President	2021
Alison Cogan, Vice President	2022
Timothy Berrios	2023
Andrew Choffo	2022
Matthew DeVitto	2023
Susy Golderer	2021
Judy Mayer	2021
Deborah Orme	2023
Kendra Von Achen	2022

<u>Other Officials</u>	<u>Title</u>
Barbara Sargent, Ed.D.	Superintendent of Schools
Dr. Alfred Savio	Business Administrator/Board Secretary
Tali Axelrod, 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, 2021

**Attorney**

Schenck, Price, Smith & King, LLP

220 Park Avenue

P.O. Box 991

Florham Park, New Jersey 07932

**Independent Auditors**

Wiss & Company, LLP

100 Campus Drive, Suite 400

Florham Park, New Jersey 07932

**Official Depository**

Wells Fargo Bank

250 Parsippany Road

Parsippany, NJ 07054

State of New Jersey Cash Management Fund

Citi Fund Services

P.O. Box 182218

Columbus, OH 43218-2218

NJ Asset and Rebate Management Program

821 Alexander Road, Suite 110

Princeton, NJ 08540



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ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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## Parsippany-Troy Hills Township School District

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jsv\$li\$wgep\$iev\$rhinh\$yri\$740\$464\$

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



W. Edward Chabal  
President

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  
County of Morris

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

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, County of Morris, New Jersey (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to 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, 2021 and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter – Change in Accounting Principle**

As discussed in Note 17 to the financial statements, during the fiscal year ended June 30, 2021, the District adopted new accounting guidelines, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, which represents a change in accounting principle. As discussed in Note 17 to the financial statements, as of July 1, 2020, the District's government-wide financial statements net position and the fund balances of the general fund and special revenue fund were retroactively adjusted to reflect the impact of the change in accounting principle. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2022 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.



WISS & COMPANY, LLP



Scott A. Clelland

Licensed Public School Accountant

No. 1049

March 14, 2022  
Florham Park, New Jersey

Required Supplementary Information  
Part I

Management's Discussion and Analysis

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

Year ended June 30, 2021

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, 2021. 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 can be found on pages 23 – 24 of this report.

**Fund financial statements.** A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and

demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into 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 can be found on pages 25 – 27 of this report.

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

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

**Notes to the basic financial statements.** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 31 – 72 of this report.

**Required Supplementary Information (RSI).** The District is required to present certain required supplementary information related to pensions and OPEB on pages 73-88 of this report.



**Supplementary and Other information.** The combining statements referred to earlier in connection with governmental funds are presented immediately following the RSI. Combining and individual fund statements and schedules can be found on pages 89-96 of this report. The other information can be found on pages 97-117 of this report.

## Financial Highlights

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. However, in the case of the District, it does not adequately reflect the District's position. Governmental activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$16,811,704 for the fiscal year ended June 30, 2021. Governmental activities net position increased in the current year by \$10,912,488.

The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2021 and 2020:

Parsippany-Troy Hills School District						
Parsippany, New Jersey						
Net Position						
June 30,						
2021			2020			
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 35,739,301	\$ 2,044,847	\$ 37,784,148	\$ 21,463,834	\$ 725,141	\$ 22,188,975
Capital assets, net	64,593,522	613,454	65,206,976	67,494,986	613,075	68,108,061
Total assets	100,332,823	2,658,301	102,991,214	88,958,820	1,338,216	90,297,036
Deferred outflows of resources:						
Pension deferrals	4,613,404		4,613,404	5,925,512		5,925,512
Unamortized deferred loss on refunded debt	1,262,275		1,262,275	1,486,849		1,486,849
Total deferred outflows of resources	5,875,679		5,875,679	7,412,361		7,412,361
Current liabilities	11,615,847	381,887	11,997,734	7,685,625	151,002	7,836,627
Net pension liability	29,180,727		29,180,727	32,217,690		32,217,690
Long-term liabilities outstanding	34,195,994		34,195,994	37,547,083		37,547,083
Total liabilities	74,992,568	381,881	75,375,455	77,450,398	151,002	77,601,400
Deferred inflow of resources:						
Pension deferrals	14,404,230		14,404,230	15,494,531		15,494,531
Net position:						
Net investment in capital assets	28,534,499	613,454	29,147,953	28,598,314	613,075	29,211,389
Restricted	21,634,263		21,634,263	15,610,702		15,610,702
Unrestricted (deficit)	(33,357,058)	1,662,960	(31,694,098)	(40,782,764)	574,139	(40,208,625)
Total net position (deficit)	\$ 16,811,704	\$ 2,276,414	\$ 19,088,118	\$ 3,426,252	\$ 1,187,214	\$ 4,613,466

### *Governmental activities*

Current and other assets increased due to the results of operations as well as the District's implementation of GASB Statement No. 84, which required the inclusion of payroll, payroll agency, and unemployment compensation cash balances in the general fund and student activities and scholarship accounts in the special revenue fund.

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.

Current liabilities increased mainly due to the District's implementation of GASB 84 which required the inclusion of the \$3,414,564 of employee payroll withholdings as a current liability. There were also slight increases in accounts payable and accrued expenses.

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 capital leases.

The largest portion of the District's net position is its net investment in capital assets. Restricted net position includes those that are subject to restrictions (e.g., capital reserve and excess fund balance). Restricted net position increased during the year ended June 30, 2021 mainly as the result of an increase in capital reserve and excess fund balance. as well as the District's implementation of GASB 84, which required the inclusion of unemployment compensation reserve, student activities accounts and scholarship accounts as restricted net position.

### *Business-type activities*

The business-type activities net position for the year ended June 30, 2021 of \$2,276,414 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, 2021 and 2020 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, 2021 and 2020:

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

	<u>2021</u>			<u>2020</u>		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 484,806	\$ 320,468	\$ 805,274	\$ 187,399	\$ 3,277,549	\$ 3,464,948
Operating grants and contributions	3,176,384	3,452,920	6,629,304	2,378,051	769,248	3,147,299
Capital grants and contributions	56,704		56,704			
General revenues:						
Property taxes	145,413,031		145,413,031	142,614,021		142,614,021
Federal and state aid not restricted to specific purposes	55,132,162		55,132,162	38,987,098		38,987,098
Miscellaneous	285,063		285,063	407,474		407,474
Transfers	(523,179)	523,179				
Total revenues and transfers	<u>204,024,971</u>	<u>4,296,567</u>	<u>208,321,538</u>	<u>184,574,043</u>	<u>4,046,797</u>	<u>188,620,840</u>
Expenses:						
Instructional	107,083,406	939,246	108,022,652	96,134,900	2,010,833	98,145,733
Support services	82,965,929	2,268,121	85,234,050	77,763,340	2,194,337	79,957,677
Charter school	466,796		466,796	484,183		484,183
Interest on long-term debt	2,596,352		2,596,352	1,368,946		1,368,946
Total expenses	<u>193,112,483</u>	<u>3,207,367</u>	<u>196,319,850</u>	<u>175,751,369</u>	<u>4,205,170</u>	<u>179,956,539</u>
Change in net position	10,912,488	1,089,200	12,001,688	8,822,674	(158,373)	8,664,301
Net position (deficit) – beginning of year (retroactively adjusted)	5,899,216	1,187,214	7,086,430	(5,396,422)	1,345,587	(4,050,835)
Net position – end of year	<u>\$ 16,811,704</u>	<u>\$ 2,276,414</u>	<u>\$ 19,088,118</u>	<u>\$ 3,426,252</u>	<u>\$ 1,187,214</u>	<u>\$ 4,613,466</u>

### *Governmental activities*

Property tax revenues increased due to an increase in the school tax levy. The increase in unrestricted federal and state aid is mainly the result of increases in the on-behalf TPAF pension and other retirement benefits paid for by the State on behalf of the District combined with increased Federal assistance in response to the COVID-19 pandemic.

### *Business-type activities*

Overall, the net position of the business-type activities increased by \$1,089,200 due to positive 2021 operating results in the Food Services Program which were offset by an operating loss in the Adult and Community Education Program, which was negatively affected by the ongoing COVID-19 pandemic.

## 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 \$7,068,232, while the total fund balance was \$30,875,855. The net change in total fund balance for the General Fund was an increase of \$8,459,273, which was attributable to the District's receiving extraordinary aid of \$1,925,648 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 \$1,180,819 and 1,311,143, respectively, from 2019-20. The increases are mainly due to the implementation of GASB 84, which requires student activity and scholarship fund activity to be recorded in the special revenue fund, as well as increased spending of federal grants related to the COVID-19 pandemic response. IDEA continues to be the largest grant with \$1,784,542 being spent in 2020-21.

*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, 2021.

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, 2021, and the increases in relation to prior year.

Revenue	Amount	Percent of Total	Increase from 2020	Percent of Increase
Local sources	\$146,188,780	78.71%	\$ 2,968,670	2.07%
State sources	36,420,693	19.61	6,090,269	20.08
Federal sources	3,129,650	1.68	2,221,424	40.88
Total	<u>\$185,739,123</u>	<u>100.00%</u>	<u>\$ 9,967,165</u>	<u>5.67%</u>

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 an increase in IDEA spending compared to the prior year. Federal source spending also increased due to the District receiving federal funding to assist with the COVID-19 pandemic response.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2021, and the increases and decreases related to the prior year.

<b>Expenditures</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) from 2020</b>	<b>Percent of Increase (Decrease)</b>
Current expenditures:				
Instruction	\$ 62,204,614	34.97%	\$ 2,005,663	3.33%
Support services	107,362,370	60.36	5,120,286	5.01
Capital outlay	2,491,244	1.40	(1,490,603)	(37.43)
Charter schools	484,183	0.26	(17,387)	(3.59)
Debt service:				
Principal	3,858,511	2.17	(390,279)	(9.19)
Interest	1,493,519	0.84	(105,136)	(6.58)
<b>Total</b>	<b>\$177,877,054</b>	<b>100.00%</b>	<b>\$ 5,122,544</b>	<b>2.97%</b>

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 decrease in capital outlay is attributable to the District completing district-wide capital projects in fiscal year 2020, with lower spending in fiscal year 2021.

### **General Fund Budgetary Highlights**

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

- Total instruction – regular programs – an increase of \$177,351 is due to an unanticipated increase in supplies needed for the COVID-19 pandemic response.
- Undistributed instruction – tuition – a decrease of \$213,897 is due to lower enrollments in private schools during the year.
- Other support services – Speech, OT, PT and related services – an increase of \$280,052 due to consultant fees to provide therapy to students exceeding the original budget.

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

- Total instruction – a positive variance of \$1,804,033 is the result of cutting back on purchased services and an increased number of leaves of absence due to COVID-19.
- Total undistributed instruction for tuition – a positive variance of \$326,508 is mainly attributable to the actual tuition costs which were lower than anticipated due to fewer students sent to private schools for the disabled.
- Total custodial services – a positive variance of \$1,073,684 is the result of lower than anticipated salaries being utilized during the year because recess aids were not needed for most of the school year.

- Total student transportation services – a positive variance of \$1,460,816 is the result of fewer students being transported to private schools and more students are being transported with in-house drivers rather than contractor.

## Capital Assets

At the end of the fiscal years ended June 30, 2021 and 2020, the District had \$65,206,976 and \$68,108,061, respectively, invested in land, land improvements, building and building improvements and machinery and equipment, net of accumulated depreciation or amortization.

	<b>Capital Assets (Net of Depreciation)</b>			
	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Land	\$ 3,956,475	\$ 3,956,475		
Land improvements	3,520,792	3,466,790		
Buildings and building improvements	54,003,561	56,871,726		
Machinery and equipment	3,112,694	3,199,995	\$ 613,454	\$ 613,075
<b>Total</b>	<b>64,593,522</b>	<b>67,494,986</b>	<b>\$ 613,454</b>	<b>\$ 613,075</b>

The decrease in building and building improvements and equipment is mainly due to depreciation expense exceeding additions during the 2021 fiscal year.

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

## Debt Administration

At June 30, 2021, the District had \$67,973,758 of outstanding long-term liabilities. Of this amount, \$1,038,478 is for compensated absences; \$25,984,542 of serial bonds including an unamortized premium on bonds of \$2,709,542; \$433,255 is for other post-employment retirement benefits payable; and \$11,336,756 is for capital leases. This amount also includes the District's net pension liability of \$29,180,727 at June 30, 2021. 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 District continues to be affected by the COVID-19 Pandemic. Technological, safety and cleaning and maintenance expenses have all increased in the 2021-22 fiscal year as a result of the Pandemic. The District has received Federal assistance to mitigate these additional costs. However, the overall costs of these measures will likely have a negative financial impact on the District.
2. The District continues its focus on technological upgrades and advancements in instructional opportunities for students and staff. There are increased budgetary allocations through lease purchase and the 2021-2022 budget to add and/or upgrade technology on all educational levels in the District.
3. The Board is currently in negotiations with the teachers' union as the collective bargaining agreement expired June 30, 2021. The collective bargaining agreement with the administrators' union expires on June 30, 2022. The collective bargaining agreements with the secretaries union and paraprofessionals union both 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.
4. The District continues to maintain its facilities. In the 2020-2021 school year the District began partial roof replacement projects at Parsippany Hills High School, installed roll-up curtains in the Parsippany High School and Parsippany Hills High School gymnasiums, replaced fencing at Brooklawn Middle School and Parsippany Hills High School and completed various small projects such as door replacements, classroom floor replacements and paving.

All of the above factors were considered in preparing the District's 2021-22 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, 2021.

## Parsippany-Troy Hills School District

## Statement of Net Position

June 30, 2021

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 32,146,106	\$ 1,604,162	\$ 33,750,268
Accounts receivable	3,052,011	382,768	3,434,779
Other assets		557	557
Inventories		57,360	57,360
Restricted assets:			
Cash held with fiscal agent	541,184		541,184
Capital assets, non-depreciable	3,956,475		3,956,475
Capital assets, depreciable, net	60,637,047	613,454	61,250,501
Total assets	<u>100,332,823</u>	<u>2,658,301</u>	<u>102,991,124</u>
<b>Deferred outflows of resources</b>			
Pension deferrals	4,613,404		4,613,404
Unamortized deferred loss on refunded debt	1,262,275		1,262,275
Total deferred outflows of resources	<u>5,875,679</u>		<u>5,875,679</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	2,874,205	32,996	2,907,201
Accrued interest payable	568,423		568,423
Payable to state government	39,243		39,243
Other liabilities	3,485,180		3,485,180
Unearned revenue	51,759	348,891	400,650
Net pension liability	29,180,727		29,180,727
Current portion of long-term obligations	4,597,037		4,597,037
Noncurrent portion of long-term obligations	34,195,994		34,195,994
Total liabilities	<u>74,992,568</u>	<u>381,887</u>	<u>75,374,455</u>
<b>Deferred inflow of resources</b>			
Pension deferrals	<u>14,404,230</u>		<u>14,404,230</u>
<b>Net position</b>			
Net investment in capital assets	28,534,499	613,454	29,147,953
Restricted for:			
Capital reserve	7,269,845		7,269,845
Unemployment compensation claims	1,816,677		1,816,677
Student activities	458,623		458,623
Scholarships	67,370		67,370
Excess fund balance	12,021,748		12,021,748
Unrestricted (deficit)	(33,357,058)	1,662,960	(31,694,098)
Total net position	<u>\$ 16,811,704</u>	<u>\$ 2,276,414</u>	<u>\$ 19,088,118</u>

## Parsippany-Troy Hills School District

## Statement of Activities

Year ended June 30, 2021

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		
<b>Governmental activities</b>								
Instruction								
Regular	\$ 75,563,169				\$ (75,563,169)		\$ (75,563,169)	
Special education	20,739,644		\$ 2,066,517		(18,673,127)		(18,673,127)	
Other instruction	7,095,575				(7,095,575)		(7,095,575)	
School sponsored instruction	3,685,018				(3,685,018)		(3,685,018)	
Support services:								
Tuition	8,124,242	\$ 159,024	1,104,955		(6,860,263)		(6,860,263)	
Student activities	27,297,527			\$ 56,704	(27,240,823)		(27,240,823)	
Instruction services	6,388,074				(6,388,074)		(6,388,074)	
General administration services	1,868,786				(1,868,786)		(1,868,786)	
School administration services	8,648,303				(8,648,303)		(8,648,303)	
Central services	2,968,965				(2,968,965)		(2,968,965)	
Admin information technology	2,832,071				(2,832,071)		(2,832,071)	
Plant operations and maintenance	15,791,284				(15,791,284)		(15,791,284)	
Pupil transportation	8,585,659				(8,585,659)		(8,585,659)	
Other	461,018	325,782	4,912		(130,324)		(130,324)	
Interest and other charges on long-term debt	2,596,352				(2,596,352)		(2,596,352)	
Charter schools	466,796				(466,796)		(466,796)	
Total governmental activities	193,112,483	484,806	3,176,384	56,704	(189,394,589)		(189,394,589)	
<b>Business-type activities</b>								
Food service	2,268,121	55,856	3,452,920			\$ 1,240,655	1,240,655	
Adult and community education	939,246	264,612				(674,634)	(674,634)	
Total business-type activities	3,207,367	320,468	3,452,920			566,021	566,021	
Total primary government	\$ 196,319,850	\$ 805,274	\$ 6,629,304	\$ -		(189,394,589)	566,021	(188,828,568)
<b>General revenues and transfers</b>								
Property taxes, levied for general purposes					142,597,014		142,597,014	
Property taxes, levied for debt service					2,816,017		2,816,017	
State aid not restricted					55,058,574		55,058,574	
Federal aid not restricted					73,588		73,588	
Investment earnings					14,358		14,358	
Miscellaneous income					270,705		270,705	
Transfers					(523,179)	523,179	-	
Total general revenues and transfers					200,307,077	523,179	200,830,256	
Change in net position					10,912,488	1,089,200	12,001,688	
Net position—beginning (deficit) (retroactively adjusted, see note 17)					5,899,216	1,187,214	7,086,430	
Net position—ending					\$ 16,811,704	\$ 2,276,414	\$ 19,088,118	

# Fund Financial Statements

# Governmental Funds

Parsippany-Troy Hills School District  
Governmental Funds

Balance Sheet

June 30, 2021

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
<b>Assets</b>			
Cash and cash equivalents	\$ 31,620,143	\$ 525,963	\$ 32,146,106
Accounts receivable:			
State	2,321,063		2,321,063
Federal		703,078	703,078
Interfund	581,011		581,011
Other		27,870	27,870
Restricted assets:			
Cash held with fiscal agents	541,184		541,184
Total assets	<u>\$ 35,063,401</u>	<u>\$ 1,256,911</u>	<u>\$ 36,320,312</u>
<b>Liabilities and fund balances</b>			
Liabilities:			
Accounts payable	\$ 679,506	\$ 81,795	\$ 761,301
Intergovernmental payables:			
State		39,243	39,243
Interfunds payable		581,011	581,011
Payroll withholdings payable	3,414,564		3,414,564
Unemployment claims payable	70,616		70,616
Unearned revenue	22,860	28,899	51,759
Total liabilities	<u>4,187,546</u>	<u>730,948</u>	<u>4,918,494</u>
Fund balances:			
Restricted for:			
Capital reserve	7,269,845		7,269,845
Excess fund balance-current year	6,178,441		6,178,441
Excess fund balance-prior year	5,843,307		5,843,307
Unemployment compensation reserve	1,816,677		1,816,677
Student activities		458,623	458,623
Scholarships		67,340	67,340
Assigned to:			
Other purposes	2,699,353		2,699,353
Unassigned	7,068,232		7,068,232
Total fund balances	<u>30,875,855</u>	<u>525,963</u>	<u>31,401,818</u>
Total liabilities and fund balances	<u>\$ 35,063,401</u>	<u>\$ 1,256,911</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 \$119,885,772 and the accumulated depreciation is \$55,292,250.	64,593,522
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.	(568,423)
Net deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(9,790,826)
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.	1,262,275
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.	(29,180,727)
Accrued pension contributions for the June 30, 2021 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.	(2,112,904)
Long-term liabilities, including bonds payable, capital leases, premiums on bonds, other post-employment benefits payable liabilities and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(38,793,031)</u>
Net position of governmental activities	<u>\$ 16,811,704</u>

Parsippany-Troy Hills School District  
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2021

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	
<b>Revenues:</b>				
Local sources:				
Local tax levy	\$ 142,597,014		\$ 2,816,017	\$ 145,413,031
Tuition from individuals	159,024			159,024
Interest	14,358			14,358
Miscellaneous	270,705	\$ 331,662		602,367
Total local sources	143,041,101	331,662	2,816,017	146,188,780
State sources	35,675,114	171,146	574,433	36,420,693
Federal sources	73,588	3,056,062		3,129,650
Total revenues	178,789,803	3,558,870	3,390,450	185,739,123
<b>Expenditures:</b>				
Current:				
Regular instruction	43,251,947			43,251,947
Special education instruction	10,700,874	2,066,517		12,767,391
Other instruction	3,938,604			3,938,604
School sponsored instruction	2,246,672			2,246,672
Support services and undist costs:				
Tuition	8,124,508			8,124,508
Student services	14,874,955	1,104,955		15,979,910
Instruction services	3,659,194			3,659,194
General administration	1,393,074			1,393,074
School administration	4,930,210			4,930,210
Central services	1,734,892			1,734,892
Admin info technology	1,902,347			1,902,347
Plant oper. and maintenance	10,690,008			10,690,008
Pupil transportation	7,038,163			7,038,163
Unallocated benefits	51,449,046			51,449,046
Other		461,018		461,018
Capital outlay	2,434,540	56,704		2,491,244
Charter school	466,796			466,796
Debt service:				
Principal	1,653,511		2,205,000	3,858,511
Interest	308,069		1,185,450	1,493,519
Total expenditures	170,797,410	3,689,194	3,390,450	177,877,054
Excess (deficiency) of revenues over (under) expenditures	7,992,393	(130,324)	-	7,862,069
Other financing sources (uses):				
Capital leases (non-budgeted)	990,059			990,059
Transfers out	(523,179)			(523,179)
Total other financing sources (uses)	466,880	-	-	466,880
Net change in fund balances	8,459,273	(130,324)	-	8,328,949
Fund balances, July 1 (retroactively adjusted, see note 17)	22,416,582	656,287	-	23,072,869
Fund balances, June 30	\$ 30,875,855	\$ 525,963	\$ -	\$ 31,401,818

*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, 2021

<b>Total net change in fund balances - governmental funds (from B-2)</b>	\$	8,328,949
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital assets additions in the period.		
Capital additions	\$ 1,546,180	
Loss on disposal of capital assets	(3,850)	
Depreciation expense	<u>(4,443,794)</u>	(2,901,464)
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.		
		49,402
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.		
		2,205,000
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.		
		2,049
Capital Leases entered into by the district are other financing sources in the Governmental Funds, but the acquisition increases long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		10,950,649
Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		(10,502,079)
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).		
		(63,884)
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		2,659,786
<b>Change in net position of governmental activities (A-2)</b>	<u>\$</u>	<u>10,912,488</u>



# Proprietary Fund

Parsippany-Troy Hills School District  
Proprietary Fund

Statement of Net Position

June 30, 2021

	<b>Major Enterprise Funds</b>		<b>Total</b>
	<b>Food Service</b>	<b>Adult and Community Education</b>	
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 1,376,749	\$ 227,413	\$ 1,604,162
Accounts receivable:			
State	16,509		16,509
Federal	366,259		366,259
Other assets		557	557
Inventories	57,360		57,360
Total current assets	<u>1,816,877</u>	<u>227,970</u>	<u>2,044,847</u>
Non-current assets:			
Capital assets:			
Equipment	1,314,680		1,314,680
Accumulated depreciation	(701,226)		(701,226)
Total capital assets, net	<u>613,454</u>		<u>613,454</u>
Total assets	<u>2,430,331</u>	<u>227,970</u>	<u>2,658,301</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	32,428	568	32,996
Unearned revenue	121,489	227,402	348,891
Total current liabilities	<u>153,917</u>	<u>227,970</u>	<u>381,887</u>
<b>Net position</b>			
Investment in capital assets	613,454		613,454
Unrestricted	1,662,960		1,662,960
Total net position	<u>\$ 2,276,414</u>	<u>\$ -</u>	<u>\$ 2,276,414</u>

Parsippany-Troy Hills School District  
Proprietary Fund

Statement of Revenues, Expenses and  
Changes in Net Position

Year ended June 30, 2021

	<b>Major Enterprise Funds</b>		<b>Total</b>
	<b>Food Service</b>	<b>Adult and Community Education</b>	
Operating revenues:			
Local sources:			
Daily sales-reimbursable programs	\$ 12,435		\$ 12,435
Daily sales-non reimbursable programs	34,819		34,819
Special event income	8,602		8,602
Adult school income		\$ 264,612	264,612
Total operating revenues	55,856	264,612	320,468
Operating expenses:			
Cost of sales - reimbursable programs	1,228,922		1,228,922
Cost of sales - non-reimbursable programs	10,448		10,448
Salaries and wages	413,901	300,872	714,773
Purchased professional/technical services	11,384	511,690	523,074
Other purchased services		9,351	9,351
Employee benefits	149,378	100,666	250,044
Supplies, insurance and other costs	209,518	16,667	226,185
Depreciation	66,248		66,248
Management fee	178,322		178,322
Total operating expenses	2,268,121	939,246	3,207,367
Operating (loss)	(2,212,265)	(674,634)	(2,886,899)
Nonoperating revenues:			
State sources:			
State school lunch program	94,238		94,238
Federal sources:			
National school lunch program	2,030,251		2,030,251
National school breakfast program	1,071,295		1,071,295
Food donation program	257,136		257,136
Total nonoperating revenues	3,452,920		3,452,920
Change in net position before transfer	1,240,655	(674,634)	566,021
Transfers in - Board contribution		523,179	523,179
Total transfers		523,179	523,179
Change in net position	1,240,655	(151,455)	1,089,200
Total net position-beginning	1,035,759	151,455	1,187,214
Total net position-ending	\$ 2,276,414	\$ -	\$ 2,276,414

*See accompanying notes to the basic financial statements.*

Parsippany-Troy Hills School District  
Proprietary Fund

Statement of Cash Flows

Year ended June 30, 2021

	<b>Major Enterprise Funds</b>		<b>Totals</b>
	<b>Food Service</b>	<b>Adult and Community Education</b>	
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 55,022	\$ 492,014	\$ 547,036
Payments for salaries and wages	(413,901)	(300,304)	(714,205)
Payments for employee benefits	(149,378)	(100,666)	(250,044)
Payments to suppliers	(1,628,947)	(538,395)	(2,167,342)
Net cash (used for) operating activities	<u>(2,137,204)</u>	<u>(447,351)</u>	<u>(2,584,555)</u>
<b>Cash flows from noncapital financing activities</b>			
State school lunch program	84,199		84,199
School breakfast program	947,831		947,831
National school lunch program	1,834,059		1,834,059
Food donation program	257,136		257,136
Net cash provided by noncapital financing activities	<u>3,123,225</u>		<u>3,123,225</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition of capital assets	(66,627)		(66,627)
Board contribution		523,179	523,179
Net cash (used for) provided by capital and related financing activities	<u>(66,627)</u>	<u>523,179</u>	<u>456,552</u>
Net increase in cash and cash equivalents	919,394	75,828	995,222
Cash and cash equivalents, beginning of year	457,355	151,585	608,940
Cash and cash equivalents, end of year	<u>\$ 1,376,749</u>	<u>\$ 227,413</u>	<u>\$ 1,604,162</u>
<b>Reconciliation of operating (loss) to net cash (used for) operating activities</b>			
Operating (loss)	\$ (2,212,265)	\$ (674,634)	\$ (2,886,899)
Adjustments to reconcile operating (loss) to net cash (used for) operating activities:			
Depreciation	66,248		66,248
Change in assets and liabilities:			
Decrease in other accounts receivable	8,489		8,489
(Increase) in inventory	(6,030)		(6,030)
Decrease in prepaid expenses		2,752	2,752
Increase (decrease) in accounts payable	15,677	(2,872)	12,805
(Decrease) increase in unearned revenue	(9,323)	227,403	218,080
Net cash (used for) operating activities	<u>\$ (2,137,204)</u>	<u>\$ (447,351)</u>	<u>\$ (2,584,555)</u>

**Noncash noncapital financing activities:**

The District received \$257,415 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2021.

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

Year ended June 30, 2021

**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, 2021

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

#### A. Reporting Entity (continued)

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

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

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the 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, 2021

### 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, capital leases, 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, 2021

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

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (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, 2021

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

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (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, 2021 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.

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, 2021

### **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, 2021, the unused Food Donation Program commodities of \$13,399 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, 2021

### 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
	<hr/>
Buildings	50 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

See Note 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, 2021, the amount earned by these employees but not disbursed was \$3,332,300 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, 2021 amounted to \$224,573 and the remaining balance at June 30, 2021 is \$1,262,275.

#### 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, 2021

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

#### K. Compensated Absences (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 \$1,038,478 at June 30, 2021. 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

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

#### N. Net Position (continued)

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.

#### 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, 2021

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

#### O. Fund Balances (continued)

Of the \$30,875,855 of fund balances in the General Fund at June 30, 2021, \$7,269,845 has been restricted in the capital reserve account, \$6,178,441 has been restricted for excess fund balance - current year, \$5,843,307 has been classified as restricted excess fund balance prior year designated for subsequent years expenditures, \$1,816,677 is restricted for unemployment compensation reserve, \$2,699,353 of encumbrances is assigned to other purposes and \$7,068,232 is unassigned.

Of the \$525,963 of fund balances in the Special Revenue Fund, \$458,623 is classified as restricted for student activities and \$67,340 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 position 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 position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

#### R. On-Behalf Payments

Revenues and expenditures of the general fund include payments made 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 \$26,996,185 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, 2021

### 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 2021 fiscal year in the amount of \$6,178,441, which will be utilized in its 2022-23 budget. The District also has prior year excess fund balance in the amount of \$5,843,307 which was utilized in the 2021-22 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 not yet determined the impact of this Statement on the financial statements.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* in June 2018. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for periods beginning after December 15, 2020. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 91, *Conduit Debt Obligations* in May 2019. This Statement establishes a single method of reporting conduit debt obligations by issuers to eliminate diversity in practice. The requirements of this Statement are effective for periods beginning after December 15, 2021. Management has not determined the impact of the Statement on the financial statements.

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.

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

#### U. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2021 and March 14, 2022, 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. We noted the following subsequent events:

On August 2, 2021, the District entered into capital leases in the amount of \$1,000,000 for vehicles and instructional equipment.

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, other post-employment benefits, capital leases and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds. The details of this \$38,793,037 difference are as follows:

Bonds payable	\$ 23,275,000
Premium on bonds	2,709,542
Other post-employment benefit payable	433,255
Capital leases payable	11,336,756
Compensated absences	<u>1,038,478</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 38,793,031</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, 2021

### 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, 2021, the carrying amount of the District’s deposits was \$32,345,637 and the bank balance was \$35,277,822, 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, 2021 was secured by federal depository insurance. The New Jersey GUDPA covered the bank balance of \$30,658,750. \$4,369,072 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 \$541,184 related to capital leases where the funds are currently held by the lessor.

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

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

### 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, 2021, the District's balance was \$342,899 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, 2021, the District's balance with NJCMF was \$1,061,732. 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, 2021

### 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, 2021, 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, 2021.

### 4. Capital Assets

The following is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2021:

	Beginning Balance	Additions	Dispositions / Transfers	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,956,475			\$ 3,956,475
Total capital assets, not being depreciated	3,956,475			3,956,475
Capital assets, being depreciated:				
Land improvements	6,659,680	\$ 343,869		7,003,549
Buildings and building improvements	94,880,328	594,747		95,475,075
Machinery, equipment and vehicles	12,871,209	607,564	\$ (28,100)	13,450,673
Total capital assets being depreciated	114,411,217	1,546,180	(28,100)	115,929,297
Less accumulated depreciation for:				
Land improvements	(3,192,890)	(289,867)		(3,482,757)
Buildings and building improvements	(38,008,602)	(3,462,912)		(41,471,514)
Machinery, equipment and vehicles	(9,671,214)	(691,015)	24,250	(10,337,979)
Total accumulated depreciation	(50,872,706)	(4,443,794)	24,250	(55,292,250)
Total capital assets, being depreciated, net	63,538,511	(2,897,614)	(3,850)	60,637,047
Governmental activities capital assets, net	\$ 67,494,986	\$ (2,879,614)	\$ (3,850)	\$ 64,593,522

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**4. Capital Assets (continued)**

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

Instruction	\$ 2,728,588
Student activities	700,954
Instruction services	160,510
Central services	76,101
Plant operations and maintenance	468,914
Pupil transportation	308,727
Total depreciation expense – governmental activities	<u>\$ 4,443,794</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, 2021:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>			
Capital assets, being depreciated:			
Equipment and vehicles	\$ 1,248,053	\$ 66,627	\$ 1,314,680
Less accumulated depreciation for:			
Equipment and vehicles	(634,978)	(66,248)	(701,226)
Total business-type activities capital assets, net	<u>\$ 613,075</u>	<u>\$ 379</u>	<u>\$ 613,454</u>

**5. Long-Term Liabilities**

During the fiscal year ended June 30, 2021, the following changes occurred in governmental activities long-term liabilities:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Governmental activities:					
Compensated absences payable	\$ 974,594	\$ 216,782	\$ 152,898	\$ 1,038,478	\$ 247,694
Bonds payable	25,480,000		2,205,000	23,275,000	2,240,000
Other postemployment benefit payable	435,304		2,049	433,255	
Premium on bonds	3,118,195		408,653	2,709,542	408,653
Obligations under capital leases	11,785,326	10,502,079	10,950,649	11,336,756	1,700,690
Sub-total	41,793,419	10,718,861	13,719,249	38,793,031	4,597,037
Net pension liability	32,217,690		3,036,963	29,180,727	
Governmental activities long-term liabilities	<u>\$ 74,011,109</u>	<u>\$ 10,718,861</u>	<u>\$ 16,756,212</u>	<u>\$ 67,973,758</u>	<u>\$ 4,597,037</u>

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

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

**Bonds Payable**

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending June 30:			
2022	\$ 2,240,000	\$ 1,096,550	\$ 3,336,550
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
2027-2031	10,335,000	1,713,125	12,048,125
2032	1,690,000	42,250	1,732,250
	<u>\$ 23,275,000</u>	<u>\$ 6,159,925</u>	<u>\$ 29,434,925</u>

**Bonds Payable**

Bonds payable at June 30, 2021 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 interest rates ranging from 4.0% to 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%.

**Bonds Authorized But Not Issued**

As of June 30, 2021, 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, 2021

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

**Capital Leases Payable**

The District has capital leases outstanding for various purposes (maintenance vehicles, buses, improvements and various equipment and an Energy Savings Improvement Plan lease) with rates ranging from 1.197% to 2.96%. The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net future minimum lease payments at June 30, 2021:

	<u>Amount</u>
Fiscal year ending June 30:	
2022	\$ 1,671,088
2023	1,248,944
2024	979,249
2025	921,587
2026	837,404
2027-2031	4,446,560
2032-2034	<u>2,614,055</u>
Total minimum lease payment	12,717,883
Less amount representing interest	<u>(1,381,127)</u>
Present value of net future minimum lease payments	<u>\$ 11,336,756</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 lease was refinanced on April 29, 2021, with the final payment of \$266,423 being made July 15, 2021.

On June 30, 2017, the Board of Education entered into an equipment lease with US Bancorp Government Leasing & Finance for an amount not to exceed \$1,000,000. The lease was issued at an interest rate of 1.762%. Principal payments range from \$200,321 to \$203,850 per year payable on each August 1 through 2021.

On June 11, 2018, the Board of Education entered into an equipment lease for an amount not to exceed \$498,500. The lease was issued at an interest rate of 2.961%. Principal payments range from \$98,736 to \$104,669 per year through August 2022.

On June 20, 2019, the Board of Education entered into an equipment lease for an amount not to exceed \$640,500. The lease was issued at an interest rate of 2.305%. The final principal payment range of \$213,873 is due in July 2022.

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

#### Capital Leases Payable (continued)

On June 20, 2019, the Board of Education entered into an equipment lease for an amount not to exceed \$359,500. The lease was issued at an interest rate of 2.403%. Principal payments range from \$68,664 to \$74,734 per year through July 2024.

On July 1, 2020, the Board of Education entered into an equipment lease for an amount not to exceed \$1,000,000. The lease was issued at an interest rate of 1.197%. Principal payments range from \$97,734 to \$271,848 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 lease was issued at a fixed interest rate of 1.785%. Semi-annual principal payments range from \$267,638 to 695,202 through July 2033.

The District has capitalized assets acquired from capital lease proceeds, net of amortization, of \$26,310,033 at June 30, 2021.

### 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 fulltime public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1,

## Parsippany-Troy Hills School District

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

#### **6. Pension Plans (continued)**

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

#### **Public Employee's Retirement System**

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all 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.

#### **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, 2021

### 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.

### 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.

The actuarially determined contribution includes funding for noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

During the year ended June 30, 2021, the State of New Jersey contributed \$22,242,563 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 \$4,753,622 during the year ended June 30, 2021 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, 2021, 2020 and 2019 were \$1,957,535, \$1,739,241, and \$1,826,112, respectively, equal to the required contributions for each year.

For the years ended June 30, 2021, 2020, and 2019, employee contributions to DCRP were \$241,673, \$268,875 and \$245,298, respectively. Employer contributions for the years ended June 30, 2021, 2020, and 2019 were \$133,115, \$146,356 and \$133,949, 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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

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 Employee's Retirement System (PERS)*

At June 30, 2021, the District reported a liability of \$29,180,727 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2019, which was rolled forward to June 30, 2020. 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, 2020, the District's proportion was 0.1789417964 percent, which was an increase of 0.000138231 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized full accrual pension expense of \$702,252 in the government-wide financial statements. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 946,656	\$ 12,218,247
Difference between expected and actual experience	531,333	103,196
Changes in proportion	25,090	
Net difference between projected and actual earnings on pension plan investments	997,421	
Changes in proportion and differences between District contributions and proportionate share of contributions		2,082,787
District contributions subsequent to the measurement date	2,112,904	
	<u>\$ 4,613,404</u>	<u>\$ 14,404,230</u>

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

\$2,112,904 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:	
2022	\$ (4,933,598)
2023	(3,860,398)
2024	(2,176,253)
2025	(770,944)
2026	(162,537)
	<u>\$ (11,903,730)</u>

**Additional Information**

*Actuarial Assumptions*

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

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, 2019 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.

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

### 6. Pension Plans (continued)

#### *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-2020.

#### *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, 2020) 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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	100.00%	

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

*Discount rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 nonemployer contributing entity will be based on 78% 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.

*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, 2020 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%)
District's proportionate share of the net pension liability	\$ 36,733,667	\$ 29,180,727	\$ 22,771,851

*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, 2020 are as follows:

Deferred outflows of resources	\$ 2,347,583,337
Deferred inflows of resources	\$ 7,849,949,467
Net pension liability	\$ 16,435,616,426
District's Proportion	0.1789417964%

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

### 6. Pension Plans (continued)

Collective pension expense for the Local Group for the measurement period ended June 30, 2020 is \$407,705,399.

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

#### 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 nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2020 was \$374,586,883. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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, 2020, the State's proportionate share of the TPAF net pension liability associated with the District was 0.5688591159 percent, which was a decrease of 0.0062030404 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$23,293,408 for contributions incurred by the State.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

*Actuarial assumptions*

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%

*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 with future improvement from the base year of 2010 on a generational basis. Post-retirement 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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2020) 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-

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-U.S. developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	100.00%	

*Discount Rate*

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 78% 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 projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through



Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2020 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 (4.40%) or 1-percentage-point higher (6.40%) than the current rate:

	At 1% decrease (4.40%)	At current discount rate (5.40%)	At 1% increase (6.40%)
District's proportionate share of the net pension liability	\$ 439,996,164	\$ 374,586,883	\$ 320,275,454

*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, 2020 are as follows:

Deferred outflows of resources	\$ 9,589,140,982	
Deferred inflows of resources	\$ 14,409,361,877	
Net pension liability		\$ 65,848,796,740
District's Proportion		0.5688591159%

Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2020 is \$4,114,319,534.

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

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

### 7. Post-Retirement Benefits

#### State of New Jersey's Post-Retirement Benefits Plan

##### *Plan description and benefits provided*

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health benefits) for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that 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, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement 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.

Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In Fiscal Year 2020, the State paid PRM benefits for 143,053 State and local retirees. The total nonemployer OPEB liability does not include certain other postemployment obligations that are provided by the local education employers.

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

The State's contributions to the Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2021, 2020 and 2019 were \$5,305,440, \$4,711,801 and \$5,237,624 respectively, which equaled the required contributions for each year.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2020, the State contributed \$1.578 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's "pay-as-you-go" contributions have decreased from Fiscal Year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State, including the new Medicare Advantage contracts. The State has appropriated \$1.775 billion in Fiscal Year 2021 as the State's contribution to fund pay-as-you-go PRM costs.

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. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for Fiscal Year 2018. 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. The Fiscal Year 2020 total State OPEB liability to provide these benefits is \$65.5 billion, a decrease of \$10.5 billion of 13.8 percent from the \$76.0 billion liability recorded in Fiscal Year 2019.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

#### *Total OPEB Liability*

The total non-employer (State) OPEB liability from New Jersey's plan is \$67,809,962,608.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

*Changes in the Total Nonemployer 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, 2020:

	<u>Total OPEB Liability</u>
Beginning OPEB Liability, June 30, 2019	\$ 222,637,436
Changes for the year:	
Service cost	9,158,125
Interest cost	8,006,607
Differences between expected and actual experiences	62,788,537
Changes of assumptions	66,257,337
Member contributions	191,399
Gross benefit payments	<u>(6,314,748)</u>
Net changes	<u>140,087,257</u>
Ending OPEB Liability, June 30, 2020	<u>\$ 362,724,693</u>

*Employees covered by benefit terms*

The following employees were covered by the benefit terms:

<u>Local Education Group</u>	<u>June 30, 2020</u>
Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	<u>-</u>
Total Plan Members	<u>366,196</u>

The State, a nonemployer 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 \$362,724,693. 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, 2021

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

*Actuarial assumptions and other inputs*

The total nonemployer OPEB liability in the June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020 and included in the June 30, 2020 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	1.55 - 4.45%	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-2020. 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-2020. 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-2020.

The actuarial assumptions used in the June 30, 2019 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, 2020 was 2.21%. 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, 2021

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

*Health Care Trend Assumptions*

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

*The following represents sensitivity of the Total Nonemployer OPEB liability associated with the District 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, 2020 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 (1.21%) or 1-percentage-point higher (3.21%) than the current rate:

	At 1% Decrease (1.21%)	At Current Discount Rate (2.21%)	At 1% Increase (3.21%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 437,283,340	\$ 362,724,693	\$ 304,427,012

The following presents the non-employer OPEB liability associated with the District as of June 30, 2020 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)	\$ 292,803,604	\$ 362,724,693	\$ 445,985,169

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**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, 2021, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$12,445,112 for OPEB expenses incurred by the State.

Collective balances of the Local Education Group at June 30, 2020 are as follows:

Deferred outflows of resources	\$	24,023,298,802
Deferred inflows of resources	\$	19,101,933,244
Collective OPEB expense	\$	3,337,755,596
District's proportion		0.5349135718%

*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, 2021, 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, 2021

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

**Annual OPEB Cost and Net OPEB Obligation**

*Actuarial assumptions and other inputs*

The total OPEB liability of \$433,255 was reported in the June 30, 2021 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 2.13%

Healthcare cost trend rates

	<u>Medical</u>	<u>Pharmacy</u>	<u>Vision</u>	<u>Dental</u>
Year 1	4.900%	5.900%	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	4.700%	4.700%	3.000%	3.000%
Year 5	4.600%	4.600%	3.000%	3.000%
Year 6	4.500%	4.500%	3.000%	3.000%
Year 7	4.400%	4.400%	3.000%	3.000%
Year 8	4.300%	4.300%	3.000%	3.000%
Year 9	4.300%	4.300%	3.000%	3.000%
Year 10+	4.300%	4.300%	3.000%	3.000%

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2020 through June 30, 2021.

Changes in the total OPEB liability:

	<u>Total OPEB Liability</u>
Balance at June 30, 2020	\$ 435,304
Changes for the year:	
Service cost	178,681
Interest	12,494
Effect of economic/demographic gains or losses	(62,154)
Employer contributions	(137,605)
Changes in assumptions or other inputs	<u>6,535</u>
Net changes	<u>(2,049)</u>
Balance at June 30, 2021	\$ <u>433,255</u>



Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$135,556.

*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 (1.13%) or 1-percentage-point higher (3.13%) than the current discount rate:

	At 1% Decrease	At Current Discount Rate	At 1% Increase
Net OPEB liability associated with the District	\$ 479,413	\$ 433,255	\$ 392,408

*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	\$ 517,393	\$ 433,255	\$ 364,541

**8. Interfund Receivables and Payables**

The total interfund accounts receivable and payable for the District at June 30, 2021 amounted to \$581,011 as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 581,011	
Special Revenue Fund		\$ 581,011
	\$ 581,011	\$ 581,011

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, 2021

### **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 collectibility of any related receivable at June 30, 2021 may be impaired. As a result of the impact of COVID-19, the District has received funding under the 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 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, 2021

### **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, 2021

**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, 2020 to June 30, 2021 fiscal year is as follows:

Balance, July 1, 2020	\$ 5,269,845
Increased by Deposits:	
Board resolution – June 2021	<u>2,000,000</u>
Balance, June 30, 2021	<u>\$ 7,269,845</u>

The balance in the capital reserve at June 30, 2021 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 2021-2022 approved budget.

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

### 14. Commitments

The District has contractual commitments at June 30, 2021 to various vendors, for which \$2,699,353 is recorded in the general fund as fund balance assigned to other purposes.

During the 2021 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 2021, 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 has entered into a tax abatement agreement in 2020. For the 2020 year, Parsippany Troy-Hills Township recognized revenue of \$463,220 from the annual service charge in lieu of payment of taxes, while the taxes that would have been paid for this property were \$772,725, resulting in a reduction in taxes collected by the Township of \$309,505. A portion of this would have been allocated to the District.

# Parsippany-Troy Hills School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

### 16. Liquidity, Management Plans and Intentions

Due to the COVID-19 Pandemic, the District closed its schools on March 16, 2020 and continued to provide online instruction to its students through the end of the school year. The Pandemic did not have a significant impact on the financial statements of the District for the year ended June 30, 2021. Management has taken steps to reduce certain expenses related to operating the District and also utilized existing funds to balance its budget for the 2021-22 fiscal year. Management believes that the unassigned fund balance available as of June 30, 2021 and the anticipated revenues from state aid, taxes and other revenues will be sufficient to meet the District's financial needs for one year from the date of the issuance of this report.

### 17. Change in Accounting Principle / Retroactive Adjustments

Effective in the fiscal year ended June 30, 2021, the District implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. As part of this implementation, the activity in the Unemployment Compensation Insurance Trust fund which had previously been reported in the Fiduciary Funds is not reported in the General Fund. In addition, the Student Activities and Scholarship Funds are now reported in the Special Revenue Fund. The implementation of the Statement required a retroactive adjustment of prior year net position in the government-wide governmental activities financial statements, and fund balance in the governmental funds statement of revenues, expenditures and changes in fund balance.

<u>Government-wide financial statements:</u>	
Beginning Net Position - July 1, 2020	\$3,426,252
Retroactive Adjustments for:	
Reserve for Unemployment Compensation	1,816,677
Reserve for Scholarships	67,178
Reserve for Student Activities	589,109
	2,472,964
Beginning Net Position - July 1, 2020 (as adjusted)	\$5,899,216
<u>Governmental Fund financial statements:</u>	
Beginning Fund Balance - July 1, 2020	\$20,599,905
Retroactive Adjustments for:	
Reserve for Unemployment Compensation	1,816,677
Reserve for Scholarships	67,178
Reserve for Student Activities	589,109
	2,472,964
Beginning Fund Balance - July 1, 2020 (as adjusted)	\$23,07269

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability (asset) - Local Group	N/A	N/A	N/A	0.2189206180%	0.2208225889%	0.1933744507%	0.1896270394%	0.1838884600%	0.1788035654%	0.1789417964%
District's proportionate share of the net pension liability (asset)	N/A	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
District's covered-employee payroll	\$ 13,957,421	\$ 13,947,204	\$ 14,449,640	\$ 14,655,575	\$ 12,967,062	\$ 13,169,259	\$ 12,723,682	\$ 12,861,862	\$ 12,804,059	\$ 13,159,982
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	279.67%	382.30%	434.89%	346.93%	281.05%	251.62%	221.74%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	N/A	N/A	N/A	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%
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.



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

Last Ten Fiscal Years

	Year ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 1,723,171	\$ 1,599,257	\$ 1,576,627	\$ 1,804,750	\$ 1,898,568	\$ 1,723,915	\$ 1,756,692	\$ 1,826,112	\$ 1,739,241	\$ 1,957,635
Contributions in relation to the contractually required contribution	(1,723,171)	(1,599,257)	(1,576,627)	(1,804,750)	(1,898,568)	(1,723,915)	(1,756,692)	(1,826,112)	(1,739,241)	(1,957,635)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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
Contributions as a percentage of covered-employee payroll	12.35%	11.07%	10.76%	13.92%	14.42%	13.55%	13.66%	14.26%	13.22%	14.92%

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
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%
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
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>
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	26.95%

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*				
	2021	2020	2019	2018	2017
State's proportion of the net OPEB liability (asset) associated with the District	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	\$ 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>\$ 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 -	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
	2021	2020	2019	2018	2017**
<b>Total OPEB Liability</b>					
Service cost	\$ 9,158,125	\$ 9,005,130	\$ 10,160,921	\$ 12,280,607	
Interest cost	8,006,607	9,778,384	10,407,149	8,995,933	
Differences between expected and actual experiences	62,788,537	(39,784,581)	(22,604,544)		
Changes of assumptions	66,257,337	3,319,542	(28,338,825)	(37,754,777)	
Member contributions	191,399	202,588	228,233	241,965	
Gross benefit payments	(6,314,748)	(6,834,305)	(6,603,373)	(6,571,120)	
Net change in total OPEB liability	140,087,257	(24,313,242)	(36,750,439)	(22,807,392)	
Total OPEB liability - beginning	<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>\$ 362,724,693</u>	<u>\$ 222,637,436</u>	<u>\$ 246,950,678</u>	<u>\$ 283,701,117</u>	
Covered-employee payroll	<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 payroll	<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*			
	2021	2020	2019	2018
Balance, Beginning of Year	\$ 435,304	\$ 424,084	\$ 390,738	\$ 2,321,680
Changes for the year:				
Service Cost	178,681	178,681	178,681	178,681
Interest	12,494	12,069	14,419	51,648
Effect of economic/demographic gains or losses	(62,154)	(33,658)	(32,613)	(1,957,042)
Employer contributions	(137,605)	(152,306)	(152,307)	(164,911)
Changes in assumptions or other inputs	6,535	6,434	25,166	(39,318)
Net changes	<u>(2,049)</u>	<u>11,220</u>	<u>33,346</u>	<u>(1,930,942)</u>
Balance, End of Year	<u>\$ 433,255</u>	<u>\$ 435,304</u>	<u>\$ 424,084</u>	<u>\$ 390,738</u>
Total OPEB Liability	\$ 433,255	\$ 435,304	\$ 424,084	\$ 390,738
OPEB plan's fiduciary net position	\$ -	\$ -	\$ -	\$ -
Net OPEB Liability	\$ 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%
Covered employee payroll	\$ -	\$ -	\$ -	\$ -
Net OPEB liability as a percentage of covered employee payroll	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, 2021

**PENSION**

**A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

**B. TEACHERS PENSION AND ANNUITY FUND**

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020.

**OTHER POST EMPLOYMENT BENEFITS**

**A. Parsippany-Troy Hills Post-Employment Retirement Plan**

Benefit Changes

There were none.

Changes of Assumptions

The discount rate used was 2.13% as of June 30, 2020 and June 30, 2021.

**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 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.

Required Supplementary Information  
Part III

Budgetary Comparison Schedules

Parsippany-Troy Hills School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
<b>Revenues</b>					
Local sources:					
Local tax levy	\$ 142,597,014		\$ 142,597,014	\$ 142,597,014	
Tuition from individuals	225,000		225,000	159,024	\$ (65,976)
Interest	10,000		10,000	14,358	4,358
Rents and Royalties	50,000		50,000		(50,000)
Miscellaneous	545,000		545,000	270,705	(274,295)
Total revenues - local sources	143,427,014		143,427,014	143,041,101	(385,913)
State sources:					
Special education categorical aid	4,974,760		4,974,760	4,974,760	
Equalization aid	92,029		92,029	92,029	
Security aid	152,564		152,564	152,564	
Extraordinary aid	300,000		300,000	2,225,648	1,925,648
Transportation aid	1,163,059		1,163,059	1,163,059	
Additional nonpublic transportation aid				47,662	47,662
Alyssa's Law	47,753		47,753	47,753	
On-behalf TPAF post-retirement medical (non-budgeted)				5,305,440	5,305,440
On-behalf TPAF long-term disability contributions (non-budgeted)				7,630	7,630
On-behalf TPAF pension contributions (non-budgeted)				16,929,493	16,929,493
Reimbursed TPAF social security contributions (non-budgeted)				4,753,622	4,753,622
Total - state sources	6,730,165		6,730,165	35,699,660	28,969,495
Federal sources:					
Medicaid reimbursement	51,242		51,242	73,588	22,346
Total - Federal sources	51,242		51,242	73,588	22,346
<b>Total revenues</b>	<b>150,208,421</b>		<b>150,208,421</b>	<b>178,814,349</b>	<b>28,605,928</b>
<b>Expenditures</b>					
<b>Current Expenditures:</b>					
<b>Instruction - regular programs:</b>					
Salaries of teachers:					
Preschool	156,490		156,490	156,490	
Kindergarten	2,726,489		2,726,489	2,539,764	186,725
Grades 1-5	13,609,152	\$ (10,265)	13,598,887	12,897,603	701,284
Grades 6-8	10,890,251	(91,516)	10,798,735	10,798,735	
Grades 9-12	13,413,016	35,625	13,448,641	13,433,903	14,738
<b>Home Instruction:</b>					
Salaries of teachers	45,000		45,000	3,116	41,884
Purchased professional - educational services	65,000	(17,820)	47,180	26,233	20,947
<b>Undistributed Instruction:</b>					
Purchased professional - educational services	1,368,906	2,143	1,371,049	1,043,326	327,723
Purchased technical services	72,100	4,266	76,366	16,794	59,572
Other purchased services	171,570	14,903	186,473	166,391	20,082
General supplies	1,407,274	259,238	1,666,512	1,307,109	359,403
Textbooks	917,516	(19,223)	898,293	841,901	56,392
Other objects	35,865		35,865	20,582	15,283
Total instruction - regular programs	44,878,629	177,351	45,055,980	43,251,947	1,804,033
<b>Special Education: Learning / Language Disabilities:</b>					
Salaries of teachers	637,625		637,625	519,955	117,670
Other salaries for instruction	161,395		161,395	67,960	93,435
Purchased professional - educational services	40,000	(4,000)	36,000	14,786	21,214
Textbooks	3,500	(2,650)	850		850
General supplies	8,135	2,650	10,785	9,586	1,199
Total learning/language disabilities	850,655	(4,000)	846,655	612,287	234,368

Parsippany-Troy Hills School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
<b>Special Education - Behavioral Disabilities:</b>					
Salaries of teachers	\$ 74,455	\$ 33,037	\$ 107,492	\$ 93,527	\$ 13,965
Other salaries for instruction	32,219		32,219	23,603	8,616
Purchased professional - educational services	1,000		1,000		1,000
Textbooks	3,500	(1,500)	2,000		2,000
General supplies	4,215	2,066	6,281	5,976	305
Total behavioral disabilities	115,389	33,603	148,992	123,106	25,886
<b>Special Education - Multiple Disabilities:</b>					
Salaries of teachers	950,513	(2,865)	947,648	946,355	1,293
Other salaries for instruction	399,833	(25,164)	374,669	288,895	85,774
Purchased professional - educational services	16,500	25,000	41,500	37,921	3,579
Purchased technical services	2,000	375	2,375	2,355	20
General supplies	21,215	767	21,982	17,437	4,545
Textbooks	12,800	(6,000)	6,800		6,800
Total multiple disabilities	1,402,861	(7,887)	1,394,974	1,292,963	102,011
<b>Resource Room/Center:</b>					
Salaries of teachers	7,065,465	(33,037)	7,032,428	6,603,974	428,454
Other Salaries for Instruction	383,286		383,286	363,162	20,124
Purchased professional - educational services	100,000	(25,000)	75,000	56,246	18,754
General supplies	34,800	50,069	84,869	73,837	11,032
Textbooks	7,000		7,000	4,133	2,867
Total resource room/center	7,590,551	(7,968)	7,582,583	7,101,352	481,231
<b>Special Education - Autism:</b>					
Salaries of teachers	575,630		575,630	368,060	207,570
Other salaries for instruction	259,052		259,052	136,250	122,802
Purchased professional - educational services	10,000	32,000	42,000	32,801	9,199
General supplies	12,005	(3,500)	8,505	7,093	1,412
Textbooks	10,000	(9,472)	528		528
Total autism	866,687	19,028	885,715	544,204	341,511
<b>Special Education - Preschool Disabilities - Full Time:</b>					
Salaries of teachers	889,510	15,975	905,485	902,943	2,542
Other salaries of instruction	228,669	12,055	240,724	98,653	142,071
Purchased professional - educational services	18,000	(3,000)	15,000	2,369	12,631
General supplies	11,150	13,000	24,150	22,997	1,153
Textbooks	1,000	(1,000)			
Total preschool disabilities - part time	1,148,329	37,030	1,185,359	1,026,962	158,397
<b>Total Special Education - Instruction</b>	<b>11,974,472</b>	<b>69,806</b>	<b>12,044,278</b>	<b>10,700,874</b>	<b>1,343,404</b>
<b>Basic Skills/Remedial Instruction:</b>					
Salaries of teachers	2,447,015	9,875	2,456,890	2,446,949	9,941
Purchased professional - educational services	9,000		9,000	1,866	7,134
General supplies	1,000		1,000	943	57
Other Objects	650		650	590	60
Total basic skills/remedial instruction	2,457,665	9,875	2,467,540	2,450,348	17,192
<b>Bilingual Education - Instruction:</b>					
Salaries of teachers	1,391,070	(9,875)	1,381,195	1,325,696	55,499
Other salaries of instruction	9,585		9,585		9,585
Purchased professional - educational services	7,000		7,000	2,799	4,201
General supplies	3,564		3,564	2,250	1,314
Total bilingual education - instruction	1,411,219	(9,875)	1,401,344	1,330,745	70,599
<b>Vocational Programs - Local - Instruction:</b>					
Salaries of teachers	62,325	72,901	135,226	135,226	
Other purchased services	1,300	(1,300)			
General supplies	26,400	(4,115)	22,285	22,285	
Total vocational programs - local- instruction	90,025	67,486	157,511	157,511	
<b>School-Sponsored Cocurricular Activities:</b>					
Salaries	506,976	2,000	508,976	363,030	145,946
Purchased services	9,640		9,640	1,641	7,999
Supplies and materials	33,718		33,718	1,651	32,067
Other objects	88,400	4,182	92,582	43,539	49,043
Total school-sponsored cocurricular activities	638,734	6,182	644,916	409,861	235,055



Parsippany-Troy Hills School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
<b>School-Sponsored Athletics - Instruction:</b>					
Salaries	\$ 1,413,765	\$ (1,391)	\$ 1,412,374	\$ 1,391,756	\$ 20,618
Purchased services	100,149	15,925	116,074	94,519	21,555
Supplies and materials	245,000	(10,101)	234,899	213,811	21,088
Other objects	110,250	(5,450)	104,800	66,702	38,098
Transfers to cover deficit (Agency funds)	100,000		100,000	70,023	29,977
Total school-sponsored athletics - instruction	1,969,164	(1,017)	1,968,147	1,836,811	131,336
Total Instruction	63,419,908	319,808	63,739,716	60,138,097	3,601,619
<b>Undistributed Instruction:</b>					
Tuition to other LEAs within the state-special	519,087	185,245	704,332	654,175	50,157
Tuition to county voc. school dist.-regular	2,614,919	256,075	2,870,994	2,870,057	937
Tuition to county voc. school dist.-special	22,032	(14,872)	7,160	7,160	
Tuition to CSSD and regional day schools	213,744	(2,690)	211,054	209,127	1,927
Tuition to private school for the disabled - within state	5,255,259	(637,655)	4,617,604	4,344,117	273,487
Tuition - state facilities	39,872		39,872	39,872	
Total undistributed instruction	8,664,913	(213,897)	8,451,016	8,124,508	326,508
<b>Attendance and Social Work:</b>					
Salaries	108,255		108,255	108,255	
Total attendance and social work	108,255		108,255	108,255	
<b>Health Services:</b>					
Salaries	1,387,744		1,387,744	1,288,996	98,748
Purchased professional and technical services	81,000		81,000	77,578	3,422
Other purchased services	9,100		9,100	2,889	6,211
Supplies and materials	33,100	91	33,191	15,343	17,848
Other objects	19,200		19,200	3,435	15,765
Total health services	1,530,144	91	1,530,235	1,388,241	141,994
<b>Other Support Services-Speech, OT, PT &amp; Related Services:</b>					
Salaries	2,635,495		2,635,495	2,629,085	6,410
Purchased professional - educational services	204,425	270,335	474,760	466,630	8,130
Supplies and materials	50,600	9,717	60,317	46,679	13,638
Total other support services-speech, OT, PT & related services	2,890,520	280,052	3,170,572	3,142,394	28,178

Parsippany-Troy Hills School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
<b>Current expenditures (continued):</b>					
<b>Undistributed Expenditures (continued):</b>					
<b>Other support services - students - extra services:</b>					
Salaries	\$ 4,059,090	\$ (53,801)	\$ 4,005,289	\$ 3,640,147	\$ 365,142
Purchased professional - educational services	300,000	(15,000)	285,000	173,265	111,735
Total other support services - students - extra services	4,359,090	(68,801)	4,290,289	3,813,412	476,877
<b>Guidance:</b>					
Salaries of other professional staff	3,028,912		3,028,912	2,889,778	139,134
Salaries of secretarial and clerical assistants	314,568		314,568	310,421	4,147
Purchased professional - educational services	29,520		29,520	25,226	4,294
Supplies and materials	5,140	162	5,302	3,385	1,917
Total guidance	3,378,140	162	3,378,302	3,228,810	149,492
<b>Child Study Teams:</b>					
Salaries of other professional staff	2,994,290	53,801	3,048,091	3,037,259	10,832
Purchased Professional - Educational Services	41,000	12,320	53,320	33,955	19,365
Other purchased services	25,632		25,632	25,631	1
Miscellaneous purchased services	122,000	(23,735)	98,265	61,882	36,383
Supplies and materials	22,000	11,900	33,900	32,959	941
Other objects	2,950		2,950	2,157	793
Total child study teams	3,207,872	54,286	3,262,158	3,193,843	68,315
<b>Improvement of Instructional Services:</b>					
Salaries of supervisor of instruction	1,433,653	(56,647)	1,377,006	1,324,979	52,027
Sal of secr & clerical assist.	461,693		461,693	439,951	21,742
Purchased professional educational services	4,000		4,000		4,000
Other purchased services	24,000	532	24,532	3,187	21,345
Supplies and materials	6,500		6,500	5,938	562
Other objects	27,500	(500)	27,000	15,186	11,814
Total improvement of instructional services	1,957,346	(56,615)	1,900,731	1,789,241	111,490
<b>Educational Media Services/School Library:</b>					
Salaries	1,582,282		1,582,282	1,569,931	12,351
Purchased professional and technical services	77,620		77,620	63,652	13,968
Other purchased services	1,700		1,700		1,700
Supplies and materials	161,250	(495)	160,755	144,323	16,432
Other objects	650		650		650
Total educational media services/school library	1,823,502	(495)	1,823,007	1,777,906	45,101

Parsippany-Troy Hills School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
<b>Instructional Staff Training Services:</b>					
Salaries of other professional staff	\$ 89,000		\$ 89,000	\$ 28,635	\$ 60,365
Purchased professional - educational services	35,000		35,000	3,375	31,625
Other purchased services	83,775	\$ 262	84,037	53,859	30,178
Supplies and materials	2,500		2,500	1,878	622
Other objects	4,500		4,500	4,300	200
Total instructional staff training services	214,775	262	215,037	92,047	122,990
<b>Support Services-General Administration:</b>					
Salaries	633,066		633,066	622,622	10,444
Legal Services	235,000		235,000	147,389	87,611
Audit Fees	82,500	69,500	152,000	83,500	68,500
Communications / telephone	419,300		419,300	396,777	22,523
BOE other purchased services	14,300		14,300	1,150	13,150
Miscellaneous purchased services	7,600		7,600	2,545	5,055
General supplies	6,000		6,000		6,000
BOE in-house training/meeting supplies	35,000	5,963	40,963	23,003	17,960
Judgments against the school district	100,000		100,000	85,759	14,241
Miscellaneous expenditures	6,200		6,200	3,666	2,534
BOE membership dues and fees	27,000		27,000	26,663	337
Total support services-general administration	1,565,966	75,463	1,641,429	1,393,074	248,355
<b>Support Services-School Administration:</b>					
Salaries of principals/assistant principals	3,412,910	(30,290)	3,382,620	3,290,042	92,578
Salaries of other professional staff	163,289	86,937	250,226	250,226	
Salaries of secretarial and clerical assistants	1,326,719		1,326,719	1,325,790	929
Purchased professional and technical services	35,000		35,000	4,066	30,934
Other purchased services	52,000		52,000	7,144	44,856
Supplies and materials	34,558	(154)	34,404	23,840	10,564
Other objects	40,000		40,000	29,102	10,898
Total support services-school administration	5,064,476	56,493	5,120,969	4,930,210	190,759
<b>Support Services - Central Services:</b>					
Salaries	1,498,000	21,319	1,519,319	1,516,514	2,805
Purchased professional services	47,026		47,026	44,770	2,256
Purchased technical services	15,800		15,800	6,943	8,857
Miscellaneous purchased services	140,804	(12,766)	128,038	127,648	390
Supplies and materials	29,425	(2,445)	26,980	24,112	2,868
Interest on lease purchase agreements	60,086	(15,747)	44,339	44,075	264
Miscellaneous expenditures	18,783	(1,479)	17,304	14,905	2,399
Total support services-central services	1,809,924	(11,118)	1,798,806	1,778,967	19,839
<b>Support Services - Administration Information Technology:</b>					
Salaries	1,225,158	(8,351)	1,216,807	1,216,806	1
Purchased professional services	365,900	2,088	367,988	324,258	43,730
Purchased technical services	21,023	(1,053)	19,970	13,195	6,775
Other purchased services	317,988	1,053	319,041	310,396	8,645
Supplies and materials	45,900	(2,088)	43,812	21,892	21,920
Other objects	17,300		17,300	15,800	1,500
Total support services-administration information technology	1,993,269	(8,351)	1,984,918	1,902,347	82,571
<b>Required Maintenance for School Facilities:</b>					
Salaries	1,824,866		1,824,866	1,743,049	81,817
Cleaning, repair and maintenance services	648,467	17,147	665,614	567,602	98,012
General supplies	305,500	69,032	374,532	350,178	24,354
Other objects	56,301	6,892	63,193	32,350	30,843
Total required maintenance for school facilities	2,835,134	93,071	2,928,205	2,693,179	235,026

Parsippany-Troy Hills School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
<b>Custodial Services:</b>					
Salaries	\$ 3,886,944		\$ 3,886,944	\$ 3,591,507	\$ 295,437
Salaries of non-instructional aides	1,025,602		1,025,602	530,878	494,724
Purchased professional and technical services	80,000	\$ 2,520	82,520	8,723	73,797
Cleaning, repair and maintenance services	61,916	(27,601)	34,315	13,198	21,117
Other purchased property services	300,000		300,000	267,169	32,831
Insurance	926,325		926,325	868,914	57,411
General supplies	356,980	(16,129)	340,851	306,380	34,471
Energy (electricity, oil and gas)	1,690,000		1,690,000	1,626,105	63,895
Interest - energy savings improvement program	263,994		263,994	263,994	
Principal - energy savings improvement program	505,171		505,171	505,170	1
Total custodial services	9,096,932	(41,210)	9,055,722	7,982,038	1,073,684
<b>Care and Upkeep of Grounds:</b>					
Purchased professional and technical services	206,250		206,250	146,641	59,609
General supplies	120,000	575	120,575	110,641	9,934
Total care and upkeep of grounds	326,250	575	326,825	257,282	69,543
<b>Security:</b>					
Salaries	228,600		228,600	203,584	25,016
Purchased professional and technical services	396,268	(22,868)	373,400	313,085	60,315
Cleaning, repair and maintenance services	7,365		7,365	7,365	
General Supplies	75,953	(24,885)	51,068	2,639	48,429
Total security	708,186	(47,753)	660,433	526,673	133,760
Total operation of plant	12,966,502	4,683	12,971,185	11,459,172	1,512,013
<b>Total Undist. Expenditures</b>	<b>51,534,694</b>	<b>112,215</b>	<b>51,646,909</b>	<b>48,122,427</b>	<b>3,524,482</b>
<b>Student Transportation Services:</b>					
Salaries of non-instructional aides	368,057	77,320	445,377	445,377	
Between home and school - regular	220,068	(28,779)	191,289	191,289	
Between home and school - special	1,010,032	(21,136)	988,896	988,896	
Other purchased professional and technical services	44,315		44,315	11,330	32,985
Cleaning repair and maintenance services	252,000		252,000	78,948	173,052
Contr serv (bet. Home & Sch) - vendors	3,000,000	538,224	3,538,224	3,538,174	50
Contr serv (oth than bet. Home & Sch) - vendors	373,700	(22,141)	351,559		351,559
Contract. Serv. (sp ed stds) vendors	12,000		12,000	3,465	8,535
Contract. Serv. (reg. students) - ESCs & CTSA	600,000	(514,421)	85,579	70,007	15,572
Contract. Serv. (spl. Ed. Students) - ECSs & CTSA	2,250,000	(23,400)	2,226,600	1,580,284	646,316
Contract. Serv. - aid in lieu pymts -non pub sch	330,000		330,000	120,509	209,491
General supplies	27,500	1,640	29,140	6,911	22,229
Other objects	4,000		4,000	2,973	1,027
Total student transportation services	8,491,672	7,307	8,498,979	7,038,163	1,460,816

Parsippany-Troy Hills School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
<b>Unallocated Benefits - Employee Benefits:</b>					
Group Insurance	\$ 55,000		\$ 55,000	\$ 48,400	\$ 6,600
Social security contributions	1,960,000	\$ (41,077)	1,918,923	1,732,989	185,934
Other retirement contributions - PERS	1,916,458	41,077	1,957,535	1,957,535	
Other retirement contributions - regular	155,000		155,000	133,115	21,885
Workers' compensation	573,478		573,478	573,478	
Health benefits	20,513,384	(935,938)	19,577,446	18,723,382	854,064
Tuition reimbursement	415,000		415,000	205,050	209,950
Other employee benefits	1,030,953	62,325	1,093,278	1,078,912	14,366
Total unallocated benefits	26,619,273	(873,613)	25,745,660	24,452,861	1,292,799
<b>On-Behalf Contributions</b>					
On-behalf TPAF Pension Contribution (non-budgeted)				16,929,493	(16,929,493)
On-behalf TPAF Post Retirement Medical contributions (non-budgeted)				5,305,440	(5,305,440)
On-behalf TPAFLong-term Disability Contributions (non-budgeted)				7,630	(7,630)
Reimbursed TPAF social security contributions (non-budgeted)				4,753,622	(4,753,622)
Total on-behalf contributions				26,996,185	(26,996,185)
<b>Total Personal Services - Employee Benefits</b>	<b>26,619,273</b>	<b>(873,613)</b>	<b>25,745,660</b>	<b>51,449,046</b>	<b>(25,703,386)</b>
<b>Capital Outlay:</b>					
Interest Deposit to Capital Reserve	5,000	(5,000)			
<b>Equipment:</b>					
Grades 1-5	10,000		10,000	9,923	77
Grades 6-8	3,000	13,135	16,135	16,135	
Grades 9-12	30,600	24,275	54,875	47,151	7,724
School sponsored and other instructional program		19,069	19,069	19,069	
Undistributed expenditures - support services - students - regular		3,404	3,404	3,404	
Undistributed expenditures - central services	2,605	4,495	7,100	4,180	2,920
Undistributed expenditures - admin info tech	158,000		158,000	93,581	64,419
Undistributed expenditures - required maint for school facilities	55,383	7,750	63,133	45,869	17,264
Total equipment	259,588	72,128	331,716	239,312	92,404
<b>Facilities Acquisition and Construction Services:</b>					
Architectural/engineering services	300,000	21,043	321,043	117,199	203,844
Construction services	3,410,391	221,208	3,631,599	993,584	2,638,015
Construction Services - Alyssa's Law		47,753	47,753	47,753	
Non-budgeted - capital leases				990,059	(990,059)
Lease purchase agreements - principal	1,161,495		1,161,495	1,148,341	13,154
Other objects - debt service assessment	46,633		46,633	46,633	
Total facilities and construction services	4,918,519	290,004	5,208,523	3,343,569	1,864,954
<b>Total Expenditures - Capital Outlay</b>	<b>5,183,107</b>	<b>357,132</b>	<b>5,540,239</b>	<b>3,582,881</b>	<b>1,957,358</b>

Parsippany-Troy Hills School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Transfer of funds to charter schools	\$ 543,059	\$ (457)	\$ 542,602	\$ 466,796	\$ 75,806
<b>Total Expenditures</b>	<u>155,791,713</u>	<u>(77,608)</u>	<u>155,714,105</u>	<u>170,797,410</u>	<u>(16,073,364)</u>
(Deficiency) excess of revenues (under) over expenditures	(5,583,292)	77,608	(5,505,684)	8,016,939	13,522,623
Other financing sources (uses):					
Assets acquired under capital lease (non-budgeted)				990,059	990,059
Transfer out		(523,179)	(523,179)	(523,179)	
Total other financing sources (uses)		<u>(523,179)</u>	<u>(523,179)</u>	<u>466,880</u>	<u>990,059</u>
(Deficiency) excess of revenues (under) over expenditures and other financing sources (uses)	(5,583,292)	(445,571)	(6,028,863)	8,483,819	14,512,682
Fund balances, July 1 (Retroactively Adjusted - see Note 17)	23,009,561		23,009,561	23,009,561	
Fund balances, June 30	<u>\$ 17,426,269</u>	<u>\$ (445,571)</u>	<u>\$ 16,980,698</u>	<u>\$ 31,493,380</u>	<u>\$ 14,512,682</u>
<b>Recapitulation of (deficiency) excess of revenues (under) over expenditures</b>					
Budgeted fund balance	\$ (5,583,292)		\$ (5,583,292)	\$ 8,929,390	\$ 14,512,682
Adjustment for prior year encumbrances		\$ (445,571)	(445,571)	(445,571)	
Total	<u>\$ (5,583,292)</u>	<u>\$ (445,571)</u>	<u>\$ (6,028,863)</u>	<u>\$ 8,483,819</u>	<u>\$ 14,512,682</u>
<b>Recapitulation of fund balance:</b>					
Capital reserve account - restricted				\$ 7,269,845	
Excess fund balance - current year - restricted				6,178,441	
Prior year - excess fund balance designated for subsequent year's expenditures - restricted				5,843,307	
Restricted for Unemployment compensation				1,816,677	
Year end encumbrances - assigned				2,699,353	
Unassigned				<u>7,685,757</u>	
				31,493,380	
Reconciliation to Governmental Funds statements (GAAP):					
Last state aid payments not recognized on GAAP basis				(617,525)	
Fund balance per Governmental Funds (GAAP)				<u>\$ 30,875,855</u>	

Parsippany-Troy Hills School District  
Special Revenue Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues</b>					
State sources	\$ 210,389		\$ 210,389	\$ 171,146	\$ (39,243)
Federal sources	3,612,218		3,612,218	2,969,544	(642,674)
Local sources	25,660	\$ 461,018	486,678	331,662	(155,016)
Total revenues	3,848,267	461,018	4,309,285	3,472,352	(836,933)
<b>Expenditures:</b>					
Instruction:					
Salaries of teachers	479,057	(3,245)	475,812	340,047	135,765
Purchased professional & technical services	99,819	-	99,819	85,446	14,373
Tuition	1,406,135	165,129	1,571,264	1,445,128	126,136
General supplies	307,454	(156,845)	150,609	132,262	18,347
Textbooks	20,160		20,160	20,160	
Other objects	25,660		25,660		25,660
Total instruction	2,338,285	5,039	2,343,324	2,023,043	320,281
Undistributed:					
Support services:					
Salaries of other professional staff	43,773	4,858	48,631	45,524	3,107
Personal services—employee benefits	159,590		159,590	90,780	68,810
Purchased professional educational services	448,225	(5,477)	442,748	245,408	197,340
Other purchased services	149,041	(4,420)	144,621	101,648	42,973
Supplies and materials	652,649	-	652,649	578,551	74,098
Scholarships		4,750	4,750	4,750	
Student Activities		456,268	456,268	456,268	
Total support services	1,453,278	455,979	1,909,257	1,522,929	386,328
Capital outlay:					
Facilities acquisition and construction services:					
Instructional equipment	56,704		56,704	56,704	
Total capital outlay	56,704	-	56,704	56,704	-
Total expenditures	3,848,267	461,018	4,309,285	3,602,676	706,609
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ (130,324)	\$ (130,324)
Fund Balance, July 1 (Retroactively adjusted, see note 17)				656,287	
Fund Balance, June 30				\$ 525,963	

Parsippany-Troy Hills School District  
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2021

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 178,814,349	\$ 3,472,352
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		111,934
Current year		(25,416)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	592,979	
Current year	(617,525)	
<hr/>		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u>\$ 178,789,803</u>	<u>\$ 3,558,870</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 170,797,410	\$ 3,602,676
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		111,934
Current year		(25,416)
<hr/>		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 170,797,410</u>	<u>\$ 3,689,194</u>



## Supplementary Information

# Special Revenue Fund

Parsippany-Troy Hills School District  
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures  
Budgetary Basis

Year ended June 30, 2021

	Nonpublic Aid				
	Local Grants	Student Activities	Scholarship	Corrective Speech	Examination & Classification
Revenues:					
State sources				\$ 15,950	\$ 28,215
Federal sources					
Local sources	\$ 968	\$ 325,782	\$ 4,912		
Total revenues	<u>\$ 968</u>	<u>\$ 325,782</u>	<u>\$ 4,912</u>	<u>\$ 15,950</u>	<u>\$ 28,215</u>
Expenditures:					
Instruction:					
Salaries of teachers					
Purchased professional & technical services				\$ 15,950	\$ 28,215
Tuition					
General supplies	\$ 391				
Textbooks					
Total instruction	<u>391</u>			<u>15,950</u>	<u>28,215</u>
Undistributed:					
Support services:					
Salaries of other professional staff	577				
Personal services—employee benefits					
Purchased professional educational services					
Other purchased services					
Supplies and materials					
Scholarships			\$ 4,750		
Student Activities		\$ 456,268			
Total support services	<u>577</u>	<u>456,268</u>	<u>4,750</u>		
Capital outlay:					
Facilities acquisition and construction services:					
Noninstructional equipment					
Total capital outlay					
Total expenditures	<u>\$ 968</u>	<u>\$ 456,268</u>	<u>\$ 4,750</u>	<u>\$ 15,950</u>	<u>\$ 28,215</u>
Excess (deficiency) of revenues over (under) expenditures	-	(130,486)	162	-	-
Fund Balance, July 1 (Retroactively adjusted-see Note 17)		589,109	67,178		
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 458,623</u>	<u>\$ 67,340</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, 2021

	Nonpublic Aid				
	Supplementary	Compensatory	Security	Nursing	Textbook
	Instruction	Education	Aid	Aid	Aid
Revenues:					
State sources	\$ 19,752	\$ 21,529	\$ 31,880	\$ 33,660	\$ 20,160
Federal sources					
Local sources					
Total revenues	<u>\$ 19,752</u>	<u>\$ 21,529</u>	<u>\$ 31,880</u>	<u>\$ 33,660</u>	<u>\$ 20,160</u>
Expenditures:					
Instruction:					
Salaries of teachers					
Purchased professional & technical services	\$ 19,752	\$ 21,529			
Tuition					
General supplies					
Textbooks					\$ 20,160
Total instruction	<u>19,752</u>	<u>21,529</u>			<u>20,160</u>
Undistributed:					
Support services:					
Salaries of other professional staff					
Personal services—employee benefits					
Purchased professional educational services			\$ 31,880	\$ 33,660	
Other purchased services					
Supplies and materials					
Scholarships					
Student Activities					
Total support services			<u>31,880</u>	<u>33,660</u>	
Capital outlay:					
Facilities acquisition and construction services:					
Noninstructional equipment					
Total capital outlay					
Total expenditures	<u>\$ 19,752</u>	<u>\$ 21,529</u>	<u>\$ 31,880</u>	<u>\$ 33,660</u>	<u>\$ 20,160</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund Balance, July 1 (Retroactively adjusted-see Note 17)					
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, 2021

	Title I, Part A	Title II, Part A	Title III	Title III Immigrant	Title IV
Revenues:					
State sources					
Federal sources	\$ 237,041	\$ 42,252	\$ 92,423	\$ 35,754	\$ 28,745
Local sources					
Total revenues	<u>\$ 237,041</u>	<u>\$ 42,252</u>	<u>\$ 92,423</u>	<u>\$ 35,754</u>	<u>\$ 28,745</u>
Expenditures:					
Instruction:					
Salaries of teachers	\$ 157,689		\$ 46,270	\$ 5,560	
Purchased professional & technical services					
Tuition					
General supplies	6,114		10,795	14,033	\$ 28,745
Textbooks					
Total instruction	<u>163,803</u>		<u>57,065</u>	<u>19,593</u>	<u>28,745</u>
Undistributed:					
Support services:					
Salaries of other professional staff			22,590	7,857	
Personal services—employee benefits	73,238		5,268	1,027	
Purchased professional educational services		\$ 36,383			
Other purchased services		5,271	7,500	3,491	
Supplies and materials		598		3,786	
Scholarships					
Student Activities					
Total support services	<u>73,238</u>	<u>42,252</u>	<u>35,358</u>	<u>16,161</u>	
Capital outlay:					
Facilities acquisition and construction services:					
Noninstructional equipment					
Total capital outlay					
Total expenditures	<u>\$ 237,041</u>	<u>\$ 42,252</u>	<u>\$ 92,423</u>	<u>\$ 35,754</u>	<u>\$ 28,745</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund Balance, July 1 (Retroactively adjusted-see Note 17)					
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, 2021

	I.D.E.A.		COVID-19	COVID-19
	Part B		CARES	Nonpublic
	Basic	Preschool	Act	Digital Divide
Revenues:				
State sources				
Federal sources	\$ 1,706,912	\$ 77,630	\$ 330,285	\$ 14,266
Local sources				
Total revenues	<u>\$ 1,706,912</u>	<u>\$ 77,630</u>	<u>\$ 330,285</u>	<u>\$ 14,266</u>
Expenditures:				
Instruction:				
Salaries of teachers	\$ 130,528			
Purchased professional & technical services				
Tuition	1,367,498	\$ 77,630		
General supplies	47,249		\$ 2,757	\$ 14,266
Textbooks				
Total instruction	<u>1,545,275</u>	<u>77,630</u>	<u>2,757</u>	<u>14,266</u>
Undistributed:				
Support services:				
Salaries of other professional staff	14,500			
Personal services—employee benefits	11,247			
Purchased professional educational services	50,901		45,834	
Other purchased services	30,551		54,835	
Supplies and materials	54,438		170,155	
Scholarships				
Student Activities				
Total support services	<u>161,637</u>		<u>270,824</u>	
Capital outlay:				
Facilities acquisition and construction services:				
Noninstructional equipment			56,704	
Total capital outlay			<u>56,704</u>	
Total expenditures	<u>\$ 1,706,912</u>	<u>\$ 77,630</u>	<u>\$ 330,285</u>	<u>\$ 14,266</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, July 1 (Retroactively adjusted-see Note 17)				
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, 2021

	COVID-19 Coronavirus		
	Relief Fund	COVID-19 ESSER II	Total
Revenues:			
State sources			\$ 171,146
Federal sources	\$ 307,127	\$ 97,109	2,969,544
Local sources			331,662
Total revenues	<u>\$ 307,127</u>	<u>\$ 97,109</u>	<u>\$ 3,472,352</u>
Expenditures:			
Instruction:			
Salaries of teachers			\$ 340,047
Purchased professional & technical services			85,446
Tuition			1,445,128
General supplies	\$ 7,912		132,262
Textbooks			20,160
Total instruction	<u>7,912</u>		<u>2,023,043</u>
Undistributed:			
Support services:			
Salaries of other professional staff			45,524
Personal services—employee benefits			90,780
Purchased professional educational services		\$ 46,750	245,408
Other purchased services			101,648
Supplies and materials	299,215	50,359	578,551
Scholarships			4,750
Student Activities			456,268
Total support services	<u>299,215</u>	<u>97,109</u>	<u>1,522,929</u>
Capital outlay:			
Facilities acquisition and construction services:			
Noninstructional equipment			<u>56,704</u>
Total capital outlay			<u>56,704</u>
Total expenditures	<u>\$ 307,127</u>	<u>\$ 97,109</u>	<u>\$ 3,602,676</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(130,324)</u>
Fund Balance, July 1 (Retroactively adjusted-see Note 17)			656,287
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 525,963</u>

# Long-Term Debt



Parsippany-Troy Hills School District  
 Long-Term Debt

Schedule of Serial Bonds Payable

Year Ended June 30, 2021

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance June 30, 2020	Retired	Balance June 30, 2021
			Outstanding at June 30, 2021						
			Date	Amount					
2014 Refunding Bonds	4/24/14	\$ 19,715,000	8/15/21	\$ 2,240,000	4.000%				
			8/15/22	2,240,000	5.000%				
			8/15/23	2,250,000	5.000%				
			8/15/24	2,255,000	5.000%				
			8/15/25	2,265,000	5.000%				
					\$ 13,455,000	\$ 2,205,000	\$ 11,250,000		
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>\$ 25,480,000</u>	<u>\$ 2,205,000</u>	<u>\$ 23,275,000</u>		

Parsippany-Troy Hills School District  
Long-Term Debt

Schedule of Obligations Under Capital Leases

Year ended June 30, 2021

Purpose	Interest Rate	Amount of Original Issue	Balance June 30, 2020	Issued	Paid or Refunded	Balance June 30, 2021
Energy Savings Improvement Plan	2.655%	\$ 14,200,000	\$ 10,068,728		\$ 9,802,305	\$ 266,423
Equipment	1.768%	440,000	98,342		98,342	
Equipment	1.762%	1,000,000	404,171		200,321	203,850
Equipment	2.785%	501,500	201,379		201,379	
Equipment	2.961%	498,500	305,064		98,736	206,328
Equipment	2.305%	640,500	422,927		209,054	213,873
Equipment	2.403%	359,500	284,715		68,664	216,051
Equipment	1.197%	1,000,000		\$ 1,000,000	271,848	728,152
Energy Savings Improvement Plan	1.785%	9,502,079		9,502,079		9,502,079
			<u>\$ 11,785,326</u>	<u>\$ 10,502,079</u>	<u>\$ 10,950,649</u>	<u>\$ 11,336,756</u>

Parsippany-Troy Hills School District  
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2021

	<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	\$ 2,816,017		\$ 2,816,017	\$ 2,816,017	
State sources:					
Debt service aid type II	574,433		574,433	574,433	
Total revenues	<u>3,390,450</u>		<u>3,390,450</u>	<u>3,390,450</u>	
Expenditures:					
Principal on bonds	2,205,000		2,205,000	2,205,000	
Interest on bonds	1,185,450		1,185,450	1,185,450	
Total expenditures	<u>3,390,450</u>		<u>3,390,450</u>	<u>3,390,450</u>	
Excess of revenues over expenditures	-		-	-	
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.*

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

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental activities</b>										
Net investment in capital assets	\$ 27,005,258	\$ 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
Restricted	6,719,424	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
Unrestricted (deficit)	989,401	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)
Total governmental activities net position	\$ 34,714,083	\$ 39,739,717	\$ 25,994,570	\$ (8,926,059)	\$ (11,070,907)	\$ (12,588,315)	\$ (8,819,169)	\$ (5,396,422)	\$ 3,426,252	\$ 16,811,704
<b>Business-type activities</b>										
Investment in capital assets	\$ 244,661	\$ 322,111	\$ 520,820	\$ 568,799	\$ 608,450	\$ 556,348	\$ 504,052	\$ 679,063	\$ 613,075	\$ 613,454
Unrestricted	235,887	259,755	307,418	1,118,984	1,543,153	998,484	851,043	666,524	574,139	1,662,960
Total business-type activities net position	\$ 480,548	\$ 581,866	\$ 828,238	\$ 1,687,783	\$ 2,151,603	\$ 1,554,832	\$ 1,355,095	\$ 1,345,587	\$ 1,187,214	\$ 2,276,414
<b>Government-wide</b>										
Net investment in capital assets	\$ 27,249,919	\$ 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
Restricted	6,719,424	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
Unrestricted (deficit)	1,225,288	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)
Total government-wide net position	\$ 35,194,631	\$ 40,321,583	\$ 26,822,808	\$ (7,238,276)	\$ (8,919,304)	\$ (11,033,483)	\$ (7,464,074)	\$ (4,050,835)	\$ 4,613,466	\$ 19,088,118

**Source:** ACFR Schedule A-1 and District records.

**Note:** GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position. 2014 was restated in 2015 to reflect a District-wide capital assets appraisal. 2015 Business-type activities include the adult school program, previously accounted for in the General Fund.

GASB 68 was implemented during the 2015 fiscal year, which required the restatement of beginning net position in the amount of (\$39,991,097). This amount is not reflected in the June 30, 2014 Net Position, above. 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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 53,320,040	\$ 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
Special Education	12,830,312	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
Other Instruction	4,359,857	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
School Sponsored Instruction	2,627,716	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
Support Services:										
Tuition	9,157,295	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
Student & Instruction Related Services	21,527,642	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
General Administration Services	1,207,241	955,550	951,226	987,411	1,365,393	1,369,649	1,349,845	1,656,472	1,649,526	1,868,786
School Administrative Services	6,496,651	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
Central Services	2,107,571	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
Administrative Information Technology	797,503	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
Plant Operations & Maintenance	10,921,748	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
Pupil Transportation	7,183,376	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
Other Instruction										461,018
Capital Outlay										
Special Schools	1,805,198	1,800,842	1,780,943	1,666						
Charter School	285,780	359,963	385,109	343,519	338,426	259,712	231,982	460,411	484,183	2,596,352
Interest on long-term debt	1,750,922	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
Total governmental activities expenses	136,378,832	139,176,849	142,996,183	155,949,687	171,465,000	185,315,778	184,908,876	188,462,535	175,751,369	193,112,483
Business-type activities:										
Food service	2,326,674	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
Adult and community education						2,691,092	2,815,472	2,750,949	2,010,833	939,246
Total business-type activities expense	2,326,674	2,152,061	2,195,791	2,474,470	2,529,796	2,691,092	2,815,472	2,750,949	2,010,833	939,246
Total district expenses	\$ 138,705,526	\$ 141,328,910	\$ 145,191,974	\$ 160,439,410	\$ 176,098,320	\$ 190,569,201	\$ 190,427,357	\$ 194,012,784	\$ 179,956,539	\$ 196,319,850
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition	\$ 336,014	\$ 336,408	\$ 288,409	\$ 216,116	\$ 281,529	\$ 339,572	\$ 232,372	\$ 234,061	\$ 187,399	\$ 484,806
Special Schools	1,952,286	2,095,236	2,023,902	2,191,240	2,788,827	2,152,592	2,505,444	2,605,991	2,378,051	3,176,384
Operating grants and contributions	2,309,757	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
Capital grants and contributions	404,041	407,602	407,602	349,442	349,442	250,000				56,704
Total governmental activities program revenues	\$ 5,002,098	\$ 4,833,238	\$ 4,807,287	\$ 2,756,798	\$ 3,070,356	\$ 2,742,164	\$ 2,737,816	\$ 2,840,052	\$ 2,565,450	\$ 3,717,894
Business-Type Activities										
Charges for services:										
Food Service	\$ 1,820,456	\$ 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
Adult and community education				2,878,501	2,609,041	1,979,086	2,598,898	2,600,049	1,873,003	264,612
Operating grants and contributions	574,150	580,525	625,454	698,415	739,830	805,480	807,718	835,020	769,248	3,452,920
Total governmental activities program revenues	\$ 2,394,606	\$ 2,220,439	\$ 2,309,561	\$ 5,349,268	\$ 5,097,140	\$ 4,656,652	\$ 5,318,745	\$ 5,540,740	\$ 4,046,797	\$ 3,773,388
Total District Program Revenues	\$ 7,396,704	\$ 7,053,677	\$ 7,116,848	\$ 8,106,066	\$ 8,167,496	\$ 7,398,816	\$ 8,056,561	\$ 8,380,792	\$ 6,612,247	\$ 7,491,282
Net (Expense)/Revenue Governmental Activities	\$ (131,376,754)	\$ (134,343,611)	\$ (138,188,896)	\$ (153,192,889)	\$ (168,394,644)	\$ (182,573,614)	\$ (182,171,060)	\$ (185,622,483)	\$ (173,185,919)	\$ (189,394,589)
Business-Type Activities	67,932	68,378	113,770	859,545	463,820	(596,771)	(199,736)	(9,509)	(158,373)	566,021
Total District-Wide Net Position	\$ (131,308,822)	\$ (134,275,233)	\$ (138,075,126)	\$ (152,333,344)	\$ (167,930,824)	\$ (183,170,385)	\$ (182,370,796)	\$ (185,631,992)	\$ (173,344,292)	\$ (188,828,568)

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

Unaudited

	Year ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental activities:</b>										
Property Taxes Levied for General Purposes	\$ 114,831,204	\$ 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
Taxes Levied for Debt Service	2,355,480	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
Federal and State Aid not Restricted	13,765,153	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
Investment Earnings	45,399	40,140	13,816	693	2,990	7,070	17,278	54,977	42,701	14,358
Miscellaneous Income	96,908	337,075	654,483	105,326	260,942	643,517	880,990	574,764	364,773	270,705
Insurance proceeds		430,889								
Transfers	13,518	(11,853)	(2,069)							(523,179)
<b>Total Governmental Activities</b>	<b>131,107,662</b>	<b>139,369,245</b>	<b>140,292,409</b>	<b>156,194,735</b>	<b>166,249,796</b>	<b>181,056,206</b>	<b>187,622,743</b>	<b>189,045,230</b>	<b>182,008,593</b>	<b>200,307,077</b>
<b>Business-Type Activities:</b>										
Investment Earnings	761	768								
Insurance proceeds		20,319								
Transfers	(13,518)	11,853	2,069							523,179
<b>Total Business-Type Activities</b>	<b>(12,757)</b>	<b>32,940</b>	<b>2,069</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>523,179</b>
<b>Total District-Wide</b>	<b>\$ 131,094,905</b>	<b>\$ 139,402,185</b>	<b>\$ 140,294,478</b>	<b>\$ 156,194,735</b>	<b>\$ 166,249,796</b>	<b>\$ 181,056,206</b>	<b>\$ 187,622,743</b>	<b>\$ 189,045,230</b>	<b>\$ 182,008,593</b>	<b>\$ 200,830,256</b>
<b>Change in Net Position:</b>										
Governmental Activities	\$ (269,092)	\$ 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
Business-Type Activities	55,175	101,318	115,839	859,545	463,820	(596,771)	(199,736)	(9,509)	(158,373)	1,089,200
<b>Total District</b>	<b>\$ (213,917)</b>	<b>\$ 5,126,952</b>	<b>\$ 2,219,352</b>	<b>\$ 3,861,391</b>	<b>\$ (1,681,028)</b>	<b>\$ (2,114,179)</b>	<b>\$ 5,251,947</b>	<b>\$ 3,413,238</b>	<b>\$ 8,664,301</b>	<b>\$ 12,001,688</b>

Source: District records

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

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	(as restated)									
General Fund										
Reserved/Restricted	\$ 6,561,945	\$ 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
Assigned	1,464,329	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
Unassigned	2,177,866	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
Total general fund	\$ 10,204,140	\$ 15,317,718	\$ 16,107,145	\$ 16,055,723	\$ 11,080,314	\$ 10,250,150	\$ 14,609,485	\$ 16,591,424	\$ 20,599,905	\$ 30,875,855
All Other Governmental Funds										
Restricted - capital projects fund	\$ 861,145	\$ 509,338	\$ 12,100,903	\$ 3,147,328	\$ 373,501	\$ 296,122	\$ 1,516			
Restricted - special revenue fund*	\$ 861,145	\$ 509,338	\$ 12,100,903	\$ 3,147,328	\$ 373,501	\$ 296,122	\$ 1,516			\$ 525,963
Total all other governmental funds	\$ 1,722,290	\$ 1,018,676	\$ 24,201,806	\$ 6,294,656	\$ 747,002	\$ 592,244	\$ 3,032			\$ 525,963
Total All Funds	\$ 11,065,285	\$ 15,827,056	\$ 28,208,048	\$ 19,203,051	\$ 11,453,815	\$ 10,546,272	\$ 14,611,001	\$ 16,591,424	\$ 20,599,905	\$ 31,401,818

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Tax levy	\$ 117,186,684	\$ 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
Interest Earned	2,286	1,294	5,000	641	2,990	7,070	17,278	54,977	42,701	14,358
Miscellaneous	2,480,810	2,843,613	2,992,863	360,040	567,041	1,002,520	1,141,118	828,047	563,388	761,391
State sources	13,983,424	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
Federal sources	2,443,038	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
Total revenue	136,096,242	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
<b>Expenditures</b>										
Instruction										
Regular instruction	38,093,643	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
Special Education Instruction	9,282,035	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
Other Instruction	3,087,861	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
School-Sponsored Instruction	1,992,630	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
Support Services:										
Tuition	8,958,958	8,804,359	9,217,629	8,927,366	9,719,962	9,042,358	9,777,529	8,835,370	8,835,372	8,124,508
Student Service	12,107,814	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
Student & Instruction Related Service	3,799,859	3,657,953	3,906,220	4,480,159	6,298,685	4,496,247	3,614,699	3,979,637	3,749,927	3,659,194
General Administration	1,085,949	833,270	860,115	793,255	1,091,645	959,859	972,171	1,254,622	1,290,340	1,393,074
School Administration	4,694,512	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
Central Services	1,573,062	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
Administrative Information Technology	640,210	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
Plant Operations & Maintenance	8,313,218	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
Pupil Transportation	6,600,429	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
Unallocated Benefits	29,149,709	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
Other										461,018
Debt service:										
Principal	1,350,000	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
Interest	1,916,166	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
Cost of Issuance	3,684,818	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
Capital outlay	285,780	359,963	385,109	343,519	338,426	259,712	231,982	460,411	484,183	466,796
Charter school	1,805,199	1,800,842	1,721,809	1,666						
Special Schools	138,421,852	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
Total expenditures	(2,325,610)	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
Excess (Deficiency) of revenues over (under) expenditures	1,005,000	1,005,000	15,577,899	1,543,756	2,370,893	440,000	1,000,000	980,479	991,033	990,059
<b>Other financing sources (uses)</b>										
Capital leases (non-budgeted)										
Bond proceeds										
Premium on bonds										
Payment to escrow agent										
Insurance proceeds										
Transfers in	473,119	350,895	1,612,942	50,052	552	37,212	294,053			(523,179)
Transfers out	(459,601)	(362,748)	(1,615,011)	(50,052)	(652)	(37,212)	(294,053)			466,880
Total other financing sources (uses)	1,018,518	1,424,036	15,765,338	1,690,056	2,370,893	440,000	1,000,000	980,479	991,033	466,880
Net change in fund balances	\$ (1,307,092)	\$ 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
Debt service as a percentage of noncapital expenditures	2.42%	2.45%	2.59%	3.45%	2.23%	2.20%	2.14%	2.05%	2.04%	1.96%

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
2012	\$ 44,098	\$ 2,288,300	\$ 46,886		\$ 50,022	\$ 2,429,306
2013	39,245	2,431,644	53,312		283,763	2,807,964
2014	12,743	2,312,311	57,029		296,302	2,678,385
2015	641	216,116	39,491		65,835	322,083
2016	2,438	281,529	36,669	\$ 77,501	146,771	544,908
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

**Source:** District records.

\* During the 2015 fiscal year, the District moved its 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.

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

Unaudited

Fiscal Year Ended June 30,	Total Assessed Value										Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>					
2012	\$ 72,717,000	\$ 4,405,119,200	\$ 326,400	\$ 4,400	\$2,131,211,300	\$ 250,480,800	\$ 390,988,700	\$ 7,250,847,800	\$ 585,077,700	\$ 12,432,565	\$ 7,263,280,365	\$ 1.72	\$ 8,467,896,741		
2013	66,904,400	4,403,242,200	326,400	4,400	2,070,234,400	254,664,800	401,241,700	7,196,618,300	576,340,400	10,643,519	7,207,261,819	1.69	8,418,714,892		
2014	68,028,800	4,391,472,200	326,400	4,400	2,053,077,500	250,009,200	403,241,700	7,166,160,200	576,340,400	10,643,519	7,176,803,719	1.73	8,489,705,248		
2015	67,577,600	4,399,306,700	326,400	8,900	2,045,286,500	244,410,200	403,241,700	7,160,158,000	592,396,100	422,050	7,160,580,050	1.75	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		

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

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

Reassessment occurs when ordered by the County Board of Taxation.

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

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

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

Fiscal Year Ended December 31,	Parsippany Troy Hills Schools			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Township of Parsippany- Troy Hills	Morris County	
2012	\$ 1.66	\$ 0.06	\$ 1.72	\$ 0.56	\$ 0.28	\$ 2.56
2013	1.66	0.03	1.69	0.61	0.30	2.60
2014	1.69	0.04	1.73	0.61	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

**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	2021		Taxpayer	2012	
	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%	State Farm Insurance	\$ 58,544,700	0.81%
Morris Corporate Ctr HDQ III	58,875,100	0.81%	Knoll Manor Associates	61,015,400	0.84%
Morris Corporate Ctr HDQ I & II	56,160,700	0.77%	MCC III Acquisitions, LLC	58,875,100	0.81%
NJ Kimball, LLC	49,544,700	0.68%	OTR-MCC LLC	57,660,700	0.79%
Powder Mill Heights	47,831,300	0.66%	One Campus Drive	57,268,000	0.79%
Parsippany Gardens, LP	42,910,000	0.59%	Lake Lenore % Powder Mill Heights	51,831,300	0.71%
Troy Hills Village	42,906,500	0.59%	Sylvan/Campus Rlty, LLC	49,101,800	0.68%
7 Sylvan - 8 Campus Realty, LLC	42,225,000	0.58%	HH FP Portfolio LLC % Ashford	33,762,300	0.46%
MCC IV Phase I LLC	42,026,900	0.58%	MCC IV - Phase I, LLC	43,526,900	0.60%
Wells REIT-Multi	40,677,800	0.56%	Troy Hills Village	41,506,500	0.57%
<b>Total</b>	<b>\$ 484,173,400</b>	<b>6.66%</b>		<b>\$ 513,092,700</b>	<b>7.06%</b>
Net Assessed Value	<u>\$7,271,860,000</u>			<u>\$ 7,263,280,365</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	
2012	\$ 117,186,684	\$ 117,186,684	100.00%	-
2013	120,411,379	120,411,379	100.00%	-
2014	123,251,904	123,251,904	100.00%	-
2015	124,936,750	124,936,750	100.00%	-
2016	128,386,814	128,386,814	100.00%	-
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%	-

**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 <sup>(a)</sup>	Per Capita <sup>(a)</sup>
	General Obligation Bonds	Capital Leases	Total District		
2012	\$ 42,583,000	\$ 3,045,125	\$ 45,628,125	1.15%	854
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

**Source:** School District Financial Reports

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

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



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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Net Valuation Taxable <sup>(a)</sup>	Per Capita <sup>(b)</sup>
	General Obligation Bonds	Deductions			
2012	\$ 42,583,000		\$ 42,583,000	0.59%	\$ 854
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

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

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

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

Parsippany-Troy Hills School District  
 Ratios of Overlapping Governmental Activities Debt  
 As of December 31, 2020  
 Unaudited

	Debt Authorized and Outstanding	Estimated Percentage Applicable <sup>a</sup>	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
Township of Parsippany	\$ 108,903,713	100.00%	\$ 108,903,713
Morris County General Obligation Debt	250,902,245	9.08%	22,781,924
Subtotal overlapping debt			131,685,637
<b>Parsippany-Troy Hills School District Direct Net Debt</b>			<b>23,275,000</b>
<b>Total direct and overlapping debt</b>			<b>\$ 154,960,637</b>

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

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

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

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

		Legal Debt Margin Calculation for Fiscal Year 2021									
		Equalized valuation basis									
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit		\$ 368,325,696	\$ 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
Total net debt applicable to limit		42,583,000	41,083,000	38,848,000	35,232,171	33,432,691	31,567,931	29,618,484	27,595,000	25,480,000	23,275,000
Legal debt margin		\$ 325,742,696	\$ 305,168,871	\$ 299,502,892	\$ 303,314,691	\$ 306,290,085	\$ 309,577,968	\$ 313,547,668	\$ 317,962,692	\$ 321,021,819	\$ 326,537,886
Total net debt applicable to the limit as a percentage of debt limit		11.56%	11.87%	11.48%	10.41%	9.84%	9.25%	8.63%	7.99%	7.35%	6.65%

		2021	2020	2019
Average equalized valuation of taxable property		\$ 8,833,149,174	\$ 8,716,543,274	\$ 8,686,273,981
Debt limit <sup>a</sup> (4% of average equalization value)		\$ 357,325,966	\$ 348,657,310	\$ 347,551,592
Net bonded school debt		23,275,000	23,275,000	23,275,000
Legal debt margin		\$ 326,537,886	\$ 326,537,886	\$ 326,537,886

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

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

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

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Morris County Per Capita Personal Income <sup>a</sup>	Unemployment Rate <sup>a</sup>
2012	53,447	\$ 3,979,663,620	\$ 74,460	7.30%
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%

<sup>a</sup> Provided by the NJ Dept of Education.

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

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

2021			2012		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
United Parcel Post	2,850	N/A	United Parcel Service	1,927	N/A
Wyndham Worldwide	1,500	N/A	Automatic Data Processing	1,400	N/A
Tiffany and Company	1,000	N/A	Wyndham	1,366	N/A
Avis	900	N/A	Avis	1,025	N/A
Common Health	900	N/A	Deloitte & Touche	1,000	N/A
GAF	800	N/A	Realogy	900	N/A
ADP	400	N/A	State Farm	870	N/A
NJ Manufacturers Insurance	750	N/A	Tiffany & Co.	800	N/A
Deloitte	750	N/A	EBI	580	N/A
Day Pitney	750	N/A	Common Health	555	N/A
	<u>10,600</u>			<u>10,423</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

<b><u>Function/Program</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
Instruction:										
Regular	513.1	519.2	521.7	509.0	519.8	524.7	521.8	527.1	526.5	532.6
Special Education	109.6	113.0	112.6	108.0	116.0	115.4	117.4	118.5	121.4	116.9
Support Services:										
Student & Instruction Related Services	109.0	102.4	118.9	104.8	104.9	105.6	113.0	111.0	116.6	123.6
School Administrative Services	32.0	37.3	35.0	38.0	40.0	38.0	36.0	36.0	36.0	37.0
General & Business Administrative Services	5.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant Operations and Maintenance	94.0	98.5	103.5	110.0	110.5	108.0	110.5	114.5	113.5	113.5
Pupil Transportation	23.0	22.0	22.0	25.0	26.0	27.0	27.0	27.0	27.0	28.0
Business and Other Support Services	81.5	81.5	87.0	85.5	85.0	81.0	78.0	73.5	73.0	73.0
Total	<u>967.2</u>	<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>

**Source:** District Personnel Records

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

At June 30,	Pupil/Teacher Ratio										Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Elementary	Middle School	High School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>				
2012	7,290	\$ 131,470,868	\$ 18,034	2.16%	729	11.8:1	8.6:1	10.4:1	7,267	6,967	1.01%	95.87%		
2013	7,270	133,552,027	18,370	1.86%	735	13.2:1	9.1:1	10.3:1	7,270	6,833	0.04%	93.99%		
2014	7,014	136,463,081	19,456	5.91%	753	10.2:1	8.2:1	9.1:1	7,014	6,726	-3.52%	95.89%		
2015	6,959	136,363,231	19,595	0.72%	722	12.1:1	9.3:1	10.3:1	6,959	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%		

**Note:** Enrollment's based October 15, 2020 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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>District Building</b>										
Parisppany 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	1,008	971	932	928	929	900	913	923	925
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	1,139	1,071	1,055	1,032	1,075	1,067	1,075	1,082	1,063
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	844	881	863	878	886	919	918	877	861
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	812	753	761	790	785	793	789	817	833
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	338	335	323	312	332	329	350	362	367
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	298	285	297	299	297	287	279	280	275
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	312	331	347	365	367	401	414	402	386
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	431	423	417	427	416	395	406	427	423
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	334	320	318	298	294	284	283	260	261
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	381	359	369	393	390	375	405	445	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	430	406	414	403	402	439	449	425	388
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	371	368	362	375	375	377	372	356	381
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	270	245	252	243	242	228	257	268	266
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	302	266	249	248	253	238	260	292	301
<b>Other:</b>										
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, 2021										
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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Parsippany High School	\$ 350,175	\$ 328,401	\$ 386,218	\$ 436,982	\$ 444,752	\$ 404,580	\$ 442,231	\$ 458,071	\$ 430,227	\$ 440,776
Parsippany Hills High School	334,563	410,880	483,520	547,074	556,802	506,507	553,645	573,476	538,617	551,824
Brooklawn Middle School	269,543	225,776	277,542	314,022	319,606	290,737	317,794	329,177	309,168	316,748
Central Middle School	201,581	246,301	289,650	327,722	333,549	303,421	331,658	343,538	322,656	330,568
Eastlake Elementary School	148,268	61,575	69,345	78,459	79,854	72,641	79,401	82,246	77,246	79,140
Intervale Elementary School	69,804	82,100	86,450	97,813	99,552	90,560	98,987	102,533	96,301	98,662
Knollwood Elementary School	48,476	81,995	75,039	84,902	86,412	78,606	85,922	89,000	83,590	85,639
Lake Hiawatha Elementary School	127,723	102,625	98,392	111,325	113,304	103,070	112,662	116,697	109,604	112,291
Lake Parsippany Elementary School	76,337	61,600	81,389	92,087	93,724	85,258	93,193	96,531	90,663	92,886
Littleton Elementary School	62,744	61,578	92,780	104,975	106,841	97,191	106,236	110,041	103,352	105,886
Mt. Tabor Elementary School	81,104	61,580	94,600	107,035	108,938	99,098	108,320	112,200	105,380	107,964
Northvail Elementary School	73,647	61,599	72,642	82,191	83,652	76,096	83,178	86,157	80,920	82,904
Rockaway Meadow Elementary School	62,796	82,140	80,545	91,132	92,752	84,374	92,226	95,530	89,723	91,923
Troy Hills elementary School	73,762	82,106	81,847	92,605	94,252	85,738	93,718	97,075	91,174	93,409
Administration Building	116,345	82,105	80,842	91,468	93,094	84,685	92,566	95,882	90,054	92,261
Maintenance Building	10,844	20,525	9,024	10,209	10,391	9,452	10,332	10,702	10,052	10,298
<b>Grand Total</b>	<b>\$ 2,107,712</b>	<b>\$ 2,052,886</b>	<b>\$ 2,359,825</b>	<b>\$ 2,670,001</b>	<b>\$ 2,717,475</b>	<b>\$ 2,472,014</b>	<b>\$ 2,702,068</b>	<b>\$ 2,798,856</b>	<b>\$ 2,628,727</b>	<b>\$ 2,693,179</b>

Source: District records of required maintenance.

Parsippany-Troy Hills School District  
Insurance Schedule  
Year ended June 30, 2021  
Unaudited

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the Parsippany-Troy Hills School District, in the County of Morris, New Jersey (the "District") as of and for the year ended June 30, 2021, 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 14, 2022.

**Internal Control Over Financial Reporting**

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

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

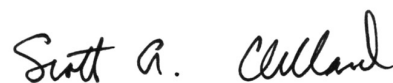
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



Scott A. Clelland  
Licensed Public School Accountant  
No. 1049



WISS & COMPANY, LLP

March 14, 2022  
Florham Park, New Jersey



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

Independent Auditors' Report

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

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

We have audited the Parsippany-Troy Hills School District, in the County of Morris, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2021. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2021.

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

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



Scott A. Clelland  
Licensed Public School Accountant  
No. 1049



WISS & COMPANY, LLP

March 14, 2022  
Florham Park, New Jersey



Pasquotank-Troy Hills School District  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2021

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, 2020		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2021	
						(Accounts Receivable)	Unearned Revenue						(Accounts Receivable)	Unearned Revenue
<b>General Fund:</b>														
U.S. Department of Health and Human Services - Passed-through State Department of Education:														
Medical Assistance Program (SEM)	93-778	2005N15MAP	N/A	7/1/20-6/30/21	\$ 73,588				\$ 73,588	\$ 73,588				
Total U.S. Department of Health and Human Services - Passed-through State Department of Education														
U.S. Department of Education - Passed-Through State Department of Education:														
Title I, Part A	84-010A	S010A200630	ESEA395020	7/1/20-9/30/21	374,538				127,066	237,041			\$ (109,975)	
Title I, Part A	84-010A	S010A190630	ESEA395020	7/1/19-9/30/20	372,597	\$ (121,181)			121,181					
Title II, Part A	84-367A	S367A200029	ESEA395020	7/1/20-9/30/21	104,709				54,949	51,811			(5,181)	
Title II, Part A	84-367A	S367A190029	ESEA395020	7/1/19-9/30/20	107,885	(29,471)				37,071			(11,593)	
Language Instruction for English Learners and Immigrant Students:														
Title III	84-365A	S365A200030	ESEA395020	7/1/20-9/30/21	103,513				78,083	90,630			(12,547)	
Title III	84-365A	S365A190030	ESEA395020	7/1/19-9/30/20	124,245	(7,354)			9,147	1,703				
Title III - Supplemental Immigrant Student Aid	84-365	S365A200030	ESEA395020	7/1/20-9/30/21	35,228				9,721	25,912			(16,191)	
Title III - Supplemental Immigrant Student Aid	84-365	S365A190030	ESEA395020	7/1/19-9/30/20	33,531	(16,459)			26,301	9,842				
Students						(23,813)			123,252	128,177			(28,738)	
Title IV	84-424	S424A200031	ESEA395020	7/1/20-9/30/21	27,510				22,527	22,527				
Title IV	84-424	S424A190031	ESEA395020	7/1/19-9/30/20	23,172	(1,229)			7,447	6,218				
Special Education Grant Cluster:														
ID.E.A. Part B, Regular	84-027	H027A200100	IDEA395020	7/1/20-9/30/21	2,081,165				996,144	1,351,397			(442,253)	
ID.E.A. Part B, Regular	84-027	H027A190100	IDEA395020	7/1/19-9/30/20	1,623,625	(219,258)			574,393	355,515			(380)	
ID.E.A. Part B, Preschool	84-173	H173A200114	IDEA395020	7/1/20-9/30/21	77,630				28,122	61,389			(33,267)	
ID.E.A. Part B, Preschool	84-173	H173A190114	IDEA395020	7/1/19-9/30/20	61,104	(219,258)			16,241	16,241			(475,900)	
Total of Special Education Grant Cluster									1,327,900	1,784,542				
Educational Stabilization Fund:														
COVID-19 Coronavirus Aid Relief and Economic Security Act of 2020 (CARES Act)	84-424D	S424D200027	S425D200027	3/13/20-9/30/22	344,409				334,409	330,285			\$ 4,124	
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER) II	84-424D	S424D200027	S425D200027	3/13/20-9/30/23	1,351,514				334,409	97,109			(97,109)	
Total Educational Stabilization Fund									1,984,322	2,220,257			(651,387)	
<b>Total U.S. Department of Education - Passed-Through State Department of Education</b>														
U.S. Department of Treasury - Passed-Through State Department of Education:														
COVID-19 - CARE Nonprofit Digital Divide	21-019	S377A130031	N/A	7/1/20-10/31/20	14,356				14,356	14,266			84	
COVID-19 - Coronavirus Relief Fund	21-019	SLT0228	N/A	9/23/20-12/30/20	307,127				307,127	307,127				
Total Coronavirus Relief Fund									321,477	321,393			84	
Total Special Revenue Fund									2,640,208	2,969,544			(728,496)	4,208
<b>U.S. Department of Agriculture - Passed-Through State Department of Agriculture</b>														
Enterprise Fund:														
Child Nutrition Cluster:														
U.S.D.A Food Donation Program (NC)	10-555	21IN304N1099	N/A	7/1/20-6/30/21	257,136				257,415	244,015	(1)		13,399	
U.S.D.A Food Donation Program (NC)	10-555	20IN304N1099	N/A	7/1/19-6/30/20	171,713				947,831	15,121			(123,464)	
School Breakfast Program	10-553	21IN304N1099	N/A	7/1/20-6/30/21	1,071,255				16,118	1,071,255				
COVID-19 - Unanticipated School Closures, 2019-20	10-553	21IN304N1099	N/A	7/1/19-6/30/20	48,495	(16,118)			1,787,456	2,030,251			(242,795)	
National School Lunch Program	10-553	21IN304N1099	N/A	7/1/20-6/30/21	2,020,725				29,872	29,872				
COVID-19 - Unanticipated School Closures, 2019-20	10-553	20IN304N1099	N/A	7/1/19-6/30/20	89,874	(29,872)			613	613				
National School Lunch Program	10-555	20IN304N1099	N/A	7/1/19-6/30/20	383,746	(6,133)			3,039,305	3,358,682	(1)		(366,259)	13,399
Total Child Nutrition Cluster									3,039,305	3,358,682	(1)		(366,259)	13,399
Total Enterprise Fund and Total U.S. Department of Agriculture - Passed-Through State Department of Agriculture									5,753,101	6,401,814	(1)		(1,094,755)	17,607
Total Expenditures of Federal Awards									\$ 7,553,101	\$ 6,401,814	(1)		\$ (1,094,755)	\$ 17,607

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, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020		Carryover/Walkover	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustments	Balance at June 30, 2021		Memo Budgetary Receivable	Cumulative Expenditures	
				Unearned Rev. (Accts Rec)	Due to Grantor						Unearned Revenue	(Accounts Receivable)			Due to Grantor
<b>State Department of Education</b>															
General Fund:															
Special Education Categorical Aid	495-034-5120-089	7/1/20-6/30/21	\$ 4,974,760				\$ 4,493,431	\$ 4,974,760				\$	(48,329)	\$ 4,974,760	
Equalization Aid	495-034-5120-089	7/1/20-6/30/21	4,684,007	(455,954)			455,954							(8,904)	92,029
Equalization Aid	495-034-5120-078	7/1/20-6/30/21	92,029	(8,958)			8,958	92,029						(14,761)	152,564
Security Aid	495-034-5120-084	7/1/20-6/30/21	152,564	(14,851)			137,803	152,564						(112,531)	1,163,059
Security Aid	495-034-5120-084	7/1/20-6/30/21	1,163,059	(113,216)			1,050,528	1,163,059						2,225,648	2,225,648
Transportation Aid	495-034-5120-014	7/1/20-6/30/21	1,163,059	(1,458,323)			1,458,323	2,225,648				\$ (2,225,648)			2,225,648
Extraordinary Aid	100-034-5120-473	7/1/20-6/30/21	1,325,550											(47,662)	47,662
Additional NP Transportation Aid	Not available	7/1/20-6/30/21	47,662												
Additional NP Transportation Aid	13,779	7/1/20-6/30/21	13,779	(13,779)				16,929,493						16,929,493	16,929,493
On-Behalf TPAF - Pension Contributions	495-034-5095-001	7/1/20-6/30/21	16,929,493				16,929,493	5,305,440						5,305,440	5,305,440
On-Behalf TPAF - Medical Contributions	495-034-5095-001	7/1/20-6/30/21	5,305,440				5,305,440	7,630						7,630	7,630
On-Behalf TPAF - Long-Term Disability/Contributions	Not available	7/1/20-6/30/21	7,630											4,753,622	4,753,622
Reimbursed TPAF - Social Security	495-034-5094-003	7/1/20-6/30/21	4,753,622	(685,144)			685,144	4,753,622							4,753,622
Reimbursed TPAF - Social Security	495-034-5094-003	7/1/20-6/30/21	4,639,014	(2,750,225)			35,511,297	35,651,907				(2,273,310)		(617,525)	35,651,907
Total State Department of Education			47,753				47,753	47,753				(47,753)		47,753	47,753
General Fund:															
School Security Grant (Alyssa's Law)	20E00395	4/1/21-3/1/23	47,753					47,753						(47,753)	47,753
Total N.J. Schools Development Authority			47,753					47,753						(47,753)	47,753
Total General Fund			27,869	(2,839)	9,978	27,869	21,529	35,699,660	9,978			(2,321,065)		(617,525)	35,699,660
Special Revenue Fund:															
Non Public Auxiliary Services (Ch. 192):	100-034-5120-067	7/1/20-6/30/21	27,869				27,869	21,529				\$	6,340	21,529	
Compensatory Education		7/1/19-6/30/20	28,392				2,839								
Non Public Handicapped Services (Ch. 193):															
Supplemental Instruction	100-034-5120-066	7/1/20-6/30/21	21,856	(3,161)	7,366	21,856	19,752	19,752				2,104		19,752	
Supplemental Instruction	100-034-5120-066	7/1/20-6/30/21	28,332			3,161		7,366						28,215	
Examination and Classification	100-034-5120-066	7/1/20-6/30/21	32,324			32,324	28,215	4,097				4,109		4,097	
Examination and Classification	100-034-5120-066	7/1/20-6/30/21	23,797	(2,655)	4,097	2,655		4,097						15,950	
Corrective Speech	100-034-5120-066	7/1/20-6/30/21	16,770		547	16,770	15,950	547				820		15,950	
Corrective Speech	100-034-5120-066	7/1/19-6/30/20	17,590	(1,963)		1,963									
New Jersey Non-Public Aid:															
Nursing	100-034-5120-070	7/1/20-6/30/21	33,660			33,660	33,660	6,596						33,660	
Nursing	100-034-5120-070	7/1/19-6/30/20	43,262		6,596			6,596						20,160	
Textbook Aid	100-034-5120-064	7/1/20-6/30/21	20,160			20,160	20,160	3,584						20,160	
Textbook Aid	100-034-5120-064	7/1/19-6/30/20	23,509		3,584			3,584						2,448	
Technology Aid	100-034-5120-373	7/1/19-6/30/20	16,056		2,448			2,448						31,880	
Security Aid	100-034-5120-509	7/1/20-6/30/21	57,750	(6,470)	25,890	57,750	31,880	25,890				25,870		31,880	
Security Aid	100-034-5120-509	7/1/19-6/30/20	66,900	(6,470)	60,506	221,007	171,146	60,506				39,243		171,146	
Total Special Revenue Fund			574,433			574,433	574,433	574,433						574,433	
Debt Service Fund:															
Type II Aid	100-034-5120-075	7/1/20-6/30/21	574,433			574,433	574,433	574,433						574,433	
Total Debt Service Fund			574,433			574,433	574,433	574,433						574,433	
<b>State Department of Agriculture</b>															
Enterprise Fund:															
State School Lunch Program (State share)	100-010-3350-023	7/1/20-6/30/21	94,238	(6,470)		77,729	94,238	94,238				(16,509)		94,238	
State School Lunch Program (State share)	100-010-3350-023	7/1/19-6/30/20	24,327			6,470		94,238						94,238	
Total Enterprise Fund			118,565	(6,470)		84,199	94,238	94,238				(16,509)		94,238	
Total State Financial Assistance			\$ (2,756,695)	\$ 60,506	\$ 60,506	\$ 36,390,936	\$ 36,539,477	\$ 36,539,477	\$ 60,506	\$ -	\$ -	\$ (2,337,572)	\$ 39,243	\$ (617,525)	\$ 36,539,477
<b>State Financial Assistance Not Subject to Single Audit Determination:</b>															
On-Behalf TPAF - Pension and Medical Contributions	17-495-034-5095-001/006/007	7/1/20-6/30/21	16,929,493			\$ 16,929,493	\$ 16,929,493	\$ 16,929,493						\$ 16,929,493	
On-Behalf TPAF - Pension and Medical Contributions	17-495-034-5095-001/006/007	7/1/20-6/30/21	5,305,440			5,305,440	5,305,440	5,305,440						5,305,440	
On-Behalf TPAF - Long-Term Disability/Contributions	17-495-034-5095-001/006/007	7/1/20-6/30/21	7,630			7,630	7,630	7,630						7,630	
Total State Financial Assistance Subject to Single Audit Determination			\$ (2,756,695)	\$ 60,506	\$ 60,506	\$ 14,148,373	\$ 14,298,914	\$ 14,298,914	\$ 60,506	\$ -	\$ -	\$ (2,337,572)	\$ 39,243	\$ (617,525)	\$ 53,476,600

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, 2021

#### **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, 2021. 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.

#### **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

Parsippany-Troy Hills School District

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

Year ended June 30, 2021

**3. Relationship to Basic Financial Statements (continued)**

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 \$24,546 for the general fund and \$86,518 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:

	<b>Federal</b>	<b>State</b>	<b>Total</b>
General Fund	\$ 73,588	\$36,675,114	\$36,748,702
Special Revenue Fund	3,056,062	171,146	3,227,208
Debt Service Fund		574,433	574,433
Food Service Enterprise Fund	3,358,682	94,238	3,452,920
Total financial award revenues	<u>\$ 6,488,332</u>	<u>\$37,514,931</u>	<u>\$44,003,263</u>

The adjustment to reconcile from budgetary basis accounts receivable to GAAP basis accounts receivable is \$25,418 for the special revenue fund. This is a result of recognizing encumbrances as expenditures on the budgetary basis but not the GAAP basis.

## Parsippany-Troy Hills School District

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

Year ended June 30, 2021

#### **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, 2021.

The post retirement pension, medical benefits and long-term disability benefits on-behalf of the District for the year ended June 30, 2021 amounted to \$22,242,563. 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.

Parsippany-Troy Hills School District  
 Schedule of Findings and Questioned Costs  
 Year ended June 30, 2021

**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:

	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	_____	Yes	_____ <input checked="" type="checkbox"/> _____ No
Significant deficiency(ies) identified?	_____	Yes	_____ <input checked="" type="checkbox"/> _____ None Reported
Noncompliance material to the basic financial statements noted?	_____	Yes	_____ <input checked="" type="checkbox"/> _____ No

**Federal Awards**

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

	<u>\$750,000</u>		
Auditee qualified as low-risk auditee?	_____ <input checked="" type="checkbox"/> _____	Yes	_____ <input type="checkbox"/> _____ No
Type of auditors' report issued on compliance for major federal programs:	<u>Unmodified</u>		
Internal control over major federal programs:			
Material weakness(es) identified?	_____	Yes	_____ <input checked="" type="checkbox"/> _____ No
Significant deficiency(ies) identified?	_____	Yes	_____ <input checked="" type="checkbox"/> _____ None Reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	Yes	_____ <input checked="" type="checkbox"/> _____ No

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

Year ended June 30, 2021

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

Identification of major federal programs:

<b>AL Number(s)</b>	<b>FAIN Number</b>	<b>Name of Federal Program or Cluster</b>
84.027/84.173	H027A200100/ H173A200114	IDEA Part B, Basic and Preschool (Special Education Cluster)
21.019	SLT0228	COVID-19 Coronavirus Relief Fund and Nonpublic Technology (CRF)

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

Year ended June 30, 2021

**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:

<b>GMIS/Program Number</b>	<b>Name of State Program or Cluster</b>
495-034-5094-003	Reimbursed TPAF Social Security Contributions



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

Year ended June 30, 2021

**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, 2021

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

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

**Federal Award Programs**

No compliance or internal control findings 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, 2021

No prior year findings were noted.