

Parsippany-Troy Hills School District

Parsippany
County of Morris
New Jersey

Annual Comprehensive Financial Report
For the Year Ended
June 30, 2023

Parsippany-Troy Hills School District

Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Parsippany-Troy Hills School District
Parsippany, New Jersey

Prepared by Parsippany-Troy Hills
Business Office

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Introductory Section

Parsippany-Troy Hills Township Schools

Robin C. Tedesco
Interim Business Administrator/Board Secretary

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(973)263-7200 ext. 7209
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December 5, 2023

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

Dear Board Members and Constituents:

The Annual Comprehensive Financial Report (“ACFR”) of the Parsippany-Troy Hills School District (the "District") for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the district. All disclosures necessary to enable the reader to gain an understanding of the district’s financial activities have been included.

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

1. REPORTING ENTITY AND ITS SERVICES

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

The District provides a full range of educational services appropriate to grade levels Pre K through 12. These include general as well as special education for handicapped children. Considerable emphasis is placed on an ESL program serving appropriate students, while both a basic skills and a gifted and talented program are in place to meet students’ needs. The district completed the 2022-2023 fiscal year with a resident enrollment of 7,093 students and an average daily enrollment of 7,013 students, which is a decrease of 2 students from the previous year’s average daily enrollment.

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

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2022-2023	7,013	-0.03%
2021-2022	7,015	-0.95%
2020-2021	7,082	-1.73%
2019-2020	7,207	1.08%
2018-2019	7,130	1.51%

The District is anticipating a resident enrollment of approximately 7,126 students for the 2023-2024 school year.

2. ECONOMIC CONDITION AND OUTLOOK

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

3. MAJOR INITIATIVES

Facilities Management

During the 2022-2023 school year, the District completed the replacement of the gymnasium floor and bleachers in the Main Gymnasium at Parsippany High School and the partial roof replacement project at Parsippany Hills High School and work continued on the chiller replacement project at the Calabria Educational Center. The home side and visitor side bleachers were replaced at the Parsippany Hills High School Football field, a scoreboard at the Parsippany Hills High School softball field was replaced, a kitchen exhaust hood was replaced in the Parsippany Hills High School kitchen and fans were installed in the main gymnasiums at Parsippany High School and Parsippany Hills High School. The District began replacing gymnasium windows at five elementary schools, replacing building windows at Troy Hills Elementary School, updating the lighting in the auditorium at Parsippany High School and replacing a chiller at the Parsippany High

School cafeteria. 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 NJ Achieve law. The District used both the Marshall and Danielson models for evaluations during the 2022-2023 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. The STEM Pathways program which was implemented at both

high schools has attracted many students who are interested in pursuing college studies in these fields and continues to grow. The District implemented a new program by which select high school seniors are afforded internship opportunities during the final marking period of their senior year. High school students also have the choice of dual enrollment through a partnership with New Jersey Institute of Technology.

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 is also 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, 2023, in the basic financial statements generally accepted in the United States.

6) ACCOUNTING SYSTEM AND REPORTS

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

7) OTHER INFORMATION

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

8) AWARDS

The International Association of School Business Officials ("ASBO") awarded a Certificate of Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the sixth consecutive year that the district has applied for and received this prestigious award. In order to be awarded this certificate, the district published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both accounting principles generally accepted in the United States and applicable legal requirements.

The Certificate is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Programs' requirements and we are submitting it to ASBO to determine its eligibility for the fiscal year 2022-2023 certificate.

9) ACKNOWLEDGMENTS

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



Robert Sutter, Ed. D.
Superintendent of Schools



Robin C. Tedesco
Interim Business Administrator/Board Secretary

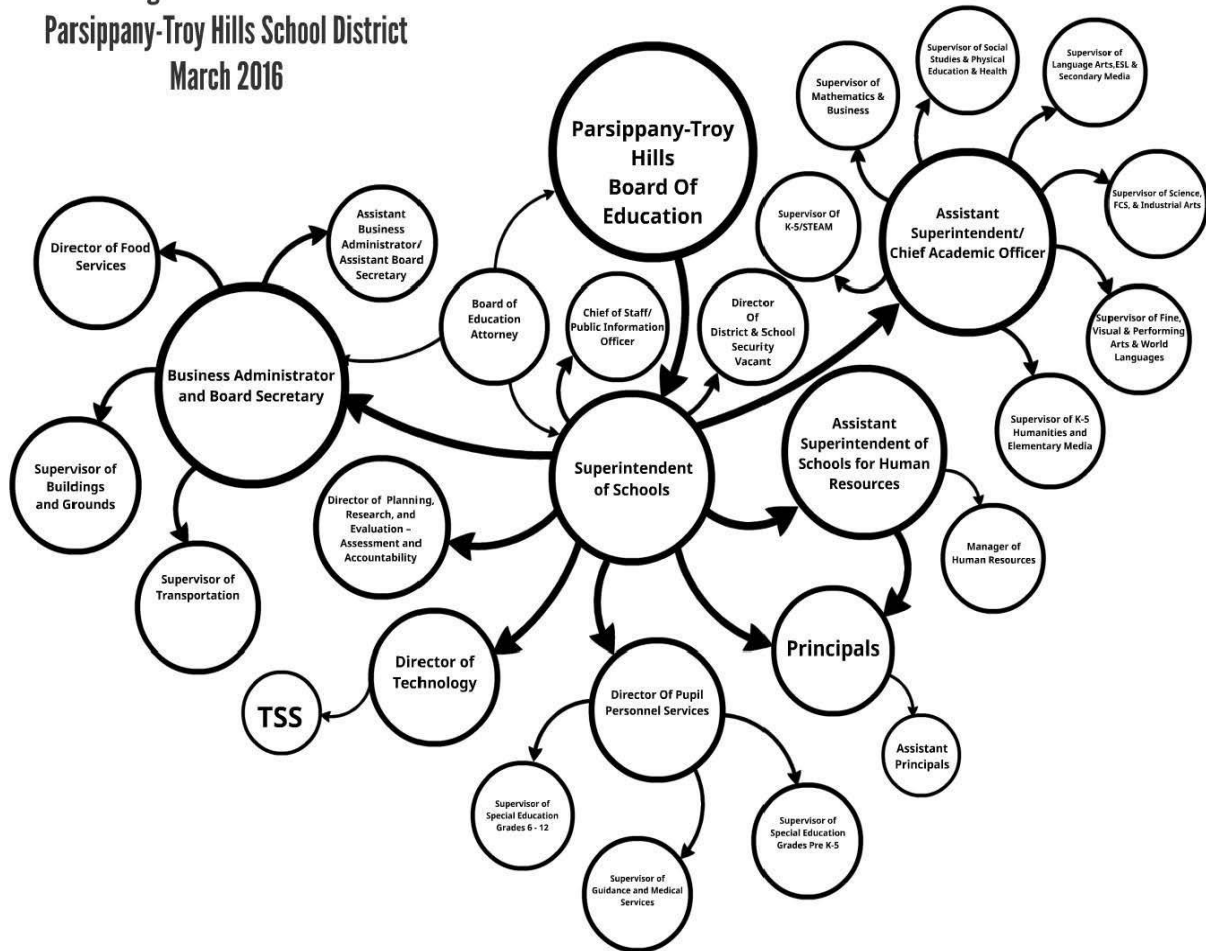
POLICY

PARSIPPANY-TROY HILLS TOWNSHIP SCHOOL DISTRICT

ADMINISTRATION
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Organizational Chart

1110 ORGANIZATIONAL CHART

Organizational Chart
Parsippany-Troy Hills School District
March 2016



Adopted: 8 January 2009
 Revised: 25 August 2011
 Revised: 24 July 2014
 Revised: 22 March 2016



**PARSIPPANY-TROY HILLS SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2023**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Timothy Berrios, President	2023 (Resigned May 25, 2023)
Susy Golderer, Vice-President	2024
Sheethal Abraham	2024
Alison Cogan	2025
Matthew DeVitto	2023
Judy Mayer	2024
Deborah Orme	2023
Jack Raia	2025
Michelle Shappell	2025

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

PARSIPPANY-TROY HILLS SCHOOL DISTRICT

Independent Auditors and Advisors

June 30, 2023

Attorney

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

Independent Auditors

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

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



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

**Parsippany-Troy Hills Township
School District**

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.**

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



A handwritten signature in blue ink, reading 'John W. Hutchison'. The signature is written in a cursive style.

**John W. Hutchison
President**

A handwritten signature in blue ink, reading 'Siobhán McMahon'. The signature is written in a cursive style.

**Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director**

Financial Section



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Parsippany-Troy Hills School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

**Honorable President and Members
of the Board of Education
Parsippany-Troy Hills School District**

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and

**Honorable President and Members
of the Board of Education
Parsippany-Troy Hills School District**

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comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report for the year ended June 30, 2023. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

**Honorable President and Members
of the Board of Education
Parsippany-Troy Hills School District**

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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 5, 2023

Scott A. Clelland

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

Required Supplementary Information
Part I

Management's Discussion and Analysis

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

Year ended June 30, 2023

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, 2023. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

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

Overview of the Financial Statements

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

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

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

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

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

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

District can be divided into two categories: governmental funds and proprietary funds.

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

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

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

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

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

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

The basic enterprise fund financial statements are Schedules B-4, B-5, and B-6.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

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

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

Financial Highlights

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. However, in the case of the District, it does not adequately reflect the District's position. Governmental activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$36,327,187 for the fiscal year ended June 30, 2023. Governmental activities net position increased in the current year by \$6,935,103.

The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2023 and 2022:

	2023			2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 38,649,126	\$ 4,559,157	\$43,208,283	\$ 39,696,071	\$ 3,996,251	\$43,692,322
Capital assets, net	64,731,819	1,028,250	65,760,069	64,618,326	908,823	65,527,149
Total assets	<u>103,380,945</u>	<u>5,587,407</u>	<u>108,968,352</u>	<u>104,314,397</u>	<u>4,905,074</u>	<u>109,219,471</u>
Deferred Outflows of Resources:						
Deferred loss on refunding of debt	813,129		813,129	1,037,702		1,037,702
Pension deferrals	<u>3,873,976</u>		<u>3,873,976</u>	<u>2,942,899</u>		<u>2,942,899</u>
Total deferred outflows	<u>4,687,105</u>		<u>4,687,105</u>	<u>3,980,601</u>		<u>3,980,601</u>
Liabilities:						
Current liabilities	11,837,633	729,910	12,567,543	11,995,791	501,969	12,497,760
Net pension liability	26,522,665		26,522,665	21,373,212		21,373,212
Long-term liabilities outstanding	<u>28,123,979</u>		<u>28,123,979</u>	<u>31,216,002</u>		<u>31,216,002</u>
Total liabilities	<u>66,484,277</u>	<u>729,910</u>	<u>67,214,187</u>	<u>64,585,005</u>	<u>501,969</u>	<u>65,086,974</u>
Deferred Inflow of Resources:						
Pension deferrals	<u>5,256,586</u>		<u>5,256,586</u>	<u>14,317,909</u>		<u>14,317,909</u>
Total deferred inflow	<u>5,256,586</u>		<u>5,256,586</u>	<u>14,317,909</u>		<u>14,317,909</u>
Net Position:						
Net investment in capital assets	34,776,141	1,028,250	35,804,391	31,637,673	908,823	32,546,496
Restricted	19,608,884		19,608,884	23,983,581		23,983,581
Unrestricted (deficit)	<u>(18,057,838)</u>	<u>3,829,247</u>	<u>(14,228,591)</u>	<u>(26,229,170)</u>	<u>3,494,282</u>	<u>(22,734,888)</u>
Total net position	<u>\$ 36,327,187</u>	<u>\$ 4,857,497</u>	<u>\$41,184,684</u>	<u>\$ 29,392,084</u>	<u>\$ 4,403,105</u>	<u>\$33,795,189</u>

Governmental activities

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

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

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

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

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

The largest portion of the District's net position is its net investment in capital assets. Restricted net position includes those that are subject to restrictions (e.g., capital reserve and excess fund balance). Restricted net position decreased during the year ended June 30, 2023 mainly as the result of decreases in capital reserve and excess fund balance.

Business-type activities

The business-type activities net position for the year ended June 30, 2023 of \$4,857,497 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, 2023 and 2022 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, 2023 and 2022:

	2023			2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program Revenues:						
Charges for services	\$ 1,027,914	\$ 3,970,822	\$ 4,998,736	\$ 870,704	\$ 1,606,095	\$ 2,476,799
Operating and capital grants and contributions	4,733,641	1,554,876	6,288,517	3,346,112	6,371,923	9,718,035
Capital grants and contributions	168,097		168,097	25,570		25,570
General revenues:						
Property taxes	151,141,443		151,141,443	148,314,304		148,314,304
Grants and contributions not restricted to specific programs	33,847,019		33,847,019	39,965,627		39,965,627
Miscellaneous	579,755		579,755	275,203		275,203
Total Revenues	191,497,869	5,525,698	197,023,567	192,797,520	7,978,018	200,775,538
Expenses:						
Instructional	96,913,713	1,856,510	98,770,223	97,591,782	1,580,998	99,172,780
Support services	86,026,157	3,214,796	89,240,953	79,989,628	4,482,320	84,471,948
Charter school	660,920		660,920	471,896		471,896
Interest and other charges on long-term debt	961,976		961,976	1,951,843		1,951,843
Total Expenses	184,562,766	5,071,306	189,634,072	180,005,149	6,063,318	186,068,467
Change in net position before transfers	6,935,103	454,392	7,389,495	12,792,371	1,914,700	14,707,071
Transfers			-	(211,991)	211,991	-
Change in net position	6,935,103	454,392	7,389,495	12,580,380	2,126,691	14,707,071
Net position-beginning of year	29,392,084	4,403,105	33,795,189	16,811,704	2,276,414	19,088,118
Net position-end of year	\$ 36,327,187	\$ 4,857,497	\$ 41,184,684	\$ 29,392,084	\$ 4,403,105	\$ 33,795,189

Governmental activities

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

Business-type activities

Overall, the net position of the business-type activities increased by \$454,392 due to positive 2023 operating results in the Food Services Program and the Adult and Community Education Program.

Financial Analysis of the District's Funds

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

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

General Fund. The general fund is the main operating fund of the District. At the end of the current fiscal year, unassigned fund balance was \$4,117,321, while the total fund balance was \$33,107,337. The net change in total fund balance for the General Fund was a decrease of \$877,519, which was mainly attributable to the District’s expenditures exceeding revenues in the current year.

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 \$1,693,278 and \$1,690,148, respectively, from 2021-22. The increases are mainly due to increases in student activity and scholarship fund activity, as well as increased spending of federal and state grants related to the COVID-19 pandemic response. COVID-19 ARP ESSER III was the largest grant with \$2,154,000 being spent in 2022-23.

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, 2023.

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, 2023, and the increases in relation to prior year.

Revenue	Amount	Percent of Total	Increase from 2022	Percent of Increase
Local sources	\$152,815,289	74.50%	\$ 3,337,398	2.23%
State sources	47,710,981	23.26	2,166,452	4.76
Federal sources	4,607,697	2.24	1,352,441	41.55
Total	\$205,133,967	100.00%	\$ 6,856,291	3.46%

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

The increase in state sources is due to an increase in on-behalf pension benefits paid by the State on behalf of the District compared to the prior year.

The increase in federal sources is due to additional COVID-19 related grant spending compared to the prior year.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2023, and the increases and decreases in relation to the prior year.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2022	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$ 67,074,628	32.40%	\$ 1,927,499	2.96%
Support services	129,325,099	62.47	9,568,022	7.99
Capital outlay	4,926,180	2.38	(372,194)	(7.02)
Charter schools	660,920	0.32	189,024	40.06
Debt service:				
Principal	3,840,895	1.86	(53,395)	(1.37)
Interest	1,179,694	0.57	(202,397)	(14.64)
Total	\$207,007,416	100.00%	\$11,056,559	5.64%

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 2022, with lower spending in fiscal year 2023.

General Fund Budgetary Highlights

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

State sources exceeded anticipated revenues by \$37,486,655 as a result of the District not anticipating revenues related to Alyssa’s Law, Lead Testing of Drinking Water reimbursement, Non-public transportation aid, State on-behalf TPAF pension, medical and disability contributions, and State reimbursed TPAF social security contributions.

Capital Assets

At the end of the fiscal years ended June 30, 2023 and 2022, the District had \$65,760,069 and \$65,527,148, respectively, invested in land, land improvements, building and building improvements and machinery and equipment, net of accumulated depreciation or amortization.

	Capital Assets (Net of Depreciation)			
	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Land	\$ 3,956,475	\$ 3,956,475		
Construction in progress	1,601,658	2,768,914		
Land improvements	3,941,676	3,757,462		
Buildings and building improvements	51,375,136	50,804,450		
Machinery and equipment	3,856,874	3,331,025	\$1,028,250	\$ 908,823
Total	\$64,731,819	\$64,618,326	\$1,028,250	\$ 908,823

The increase in land improvements, building and building improvements, and machinery and equipment is mainly due to additions exceeding depreciation expense during the 2023 fiscal year. The decrease in construction in progress is due to projects being completed and transferred to depreciable during the 2023 fiscal year exceeding unfinished projects.

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

Debt Administration

At June 30, 2023, the District had \$58,771,136 of outstanding long-term liabilities. Of this amount, \$1,105,112 is for compensated absences; \$20,687,236 of serial bonds including an unamortized premium on bonds of \$1,892,236; \$374,552 is for other post-employment retirement benefits payable; and \$10,081,571 is for financed purchases payable. This amount also includes the District's net pension liability of \$26,522,665 at June 30, 2023.

The June 30, 2023 liability for compensated absences increased from June 30, 2022 by \$118,979 is due to accruals exceeding payouts during the year. Serial bonds and unamortized premium on bonds decreased according to their respective amortization schedules.

For more detailed information on the net pension liability, refer to Note 5 of the basic financial statements.

Economic Factors and Next Year's Budget

The fiscal outlook in the near term is a concern for most school districts and municipalities, including this one. Top-down changes in funding will require flexibility and very careful planning at the local level. With the continued uncertainty from the State of New Jersey's budget, the adoption of a budget that maintains educational services at a higher level becomes more and more difficult. The District will continue to employ prudent and responsible fiscal practices to maintain its sound financial condition. At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect the financial health in the future:

1. The collective bargaining agreements with the administrators' union, secretaries union and paraprofessionals union expired on June 30, 2023. Contract negotiations were settled with the maintenance, custodial, and bus drivers' union with the new agreement expiring on June 30, 2024. Contract negotiations were settled with the teachers' union with the new agreement expiring on June 30, 2025.

All of the above factors were considered in preparing the District's 2023-24 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, 2023.

Parsippany-Troy Hills School District

Statement of Net Position

June 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 34,433,994	\$ 4,395,804	\$ 38,829,798
Accounts receivable	3,337,834	67,529	3,405,363
Other assets		22,514	22,514
Inventories		73,310	73,310
Restricted assets:			
Cash held with fiscal agent	877,298		877,298
Capital assets, non-depreciable	5,558,133		5,558,133
Capital assets, depreciable, net	59,173,686	1,028,250	60,201,936
Total assets	<u>103,380,945</u>	<u>5,587,407</u>	<u>108,968,352</u>
Deferred outflows of resources			
Pension deferrals	3,873,976		3,873,976
Unamortized deferred loss on refunded debt	813,129		813,129
Total deferred outflows of resources	<u>4,687,105</u>		<u>4,687,105</u>
Liabilities			
Accounts payable and accrued liabilities	4,664,787	125,884	4,790,671
Accrued interest payable	409,162		409,162
Payable to state government	38,225		38,225
Other liabilities	2,357,543		2,357,543
Unearned revenue	243,424	604,026	847,450
Net pension liability	26,522,665		26,522,665
Current portion of long-term obligations	4,124,492		4,124,492
Noncurrent portion of long-term obligations	28,123,979		28,123,979
Total liabilities	<u>66,484,277</u>	<u>729,910</u>	<u>67,214,187</u>
Deferred inflow of resources			
Pension deferrals	<u>5,256,586</u>		<u>5,256,586</u>
Net position			
Net investment in capital assets	34,776,141	1,028,250	35,804,391
Restricted for:			
Capital reserve	6,029,845		6,029,845
Unemployment compensation claims	1,715,833		1,715,833
Student activities	470,845		470,845
Scholarships	60,128		60,128
Excess fund balance	11,332,233		11,332,233
Unrestricted (deficit)	(18,057,838)	3,829,247	(14,228,591)
Total net position	<u>\$ 36,327,187</u>	<u>\$ 4,857,497</u>	<u>\$ 41,184,684</u>

See accompanying notes to the basic financial statements.

Parsippany-Troy Hills School District

Statement of Activities

Year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
Instruction							
Regular	\$ 65,507,198				\$ (65,507,198)		\$ (65,507,198)
Special education	21,843,535		\$ 2,741,218		(19,102,317)		(19,102,317)
Other instruction	6,595,076				(6,595,076)		(6,595,076)
School sponsored instruction	2,834,240				(2,834,240)		(2,834,240)
Support services:							
Tuition	8,535,855	\$ 318,728	1,988,195		(6,228,932)		(6,228,932)
Student activities	27,548,208			\$ 168,097	(27,380,111)		(27,380,111)
Instruction services	5,777,452				(5,777,452)		(5,777,452)
General administration services	1,859,297				(1,859,297)		(1,859,297)
School administration services	7,839,163				(7,839,163)		(7,839,163)
Central services	2,683,750				(2,683,750)		(2,683,750)
Admin information technology	2,836,459				(2,836,459)		(2,836,459)
Plant operations and maintenance	15,974,833				(15,974,833)		(15,974,833)
Pupil transportation	12,365,378				(12,365,378)		(12,365,378)
Other	739,426	709,186	4,228		(26,012)		(26,012)
Interest and other charges on long-term debt	961,976				(961,976)		(961,976)
Charter schools	660,920				(660,920)		(660,920)
Total governmental activities	184,562,766	1,027,914	4,733,641	168,097	(178,633,114)		(178,633,114)
Business-type activities							
Food service	3,214,796	2,046,460	1,554,876			\$ 386,540	386,540
Adult and community education	1,856,510	1,924,362				67,852	67,852
Total business-type activities	5,071,306	3,970,822	1,554,876			454,392	454,392
Total primary government	\$ 189,634,072	\$ 4,998,736	\$ 6,288,517	\$ 168,097	(178,633,114)	454,392	(178,178,722)

General revenues

Property taxes, levied for general purposes	148,453,915	148,453,915	
Property taxes, levied for debt service	2,687,528	2,687,528	
State aid not restricted	33,769,320	33,769,320	
Federal aid not restricted	77,699	77,699	
Investment earnings	341,782	341,782	
Miscellaneous income	237,973	237,973	
Total general revenues	185,568,217	185,568,217	
Change in net position	6,935,103	454,392	7,389,495
Net position—beginning	29,392,084	4,403,105	33,795,189
Net position—ending	\$ 36,327,187	\$ 4,857,497	\$ 41,184,684

Fund Financial Statements

Governmental Funds

Parsippany-Troy Hills School District
Governmental Funds

Balance Sheet

June 30, 2023

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
Assets			
Cash and cash equivalents	\$ 33,663,878	\$ 770,116	\$ 34,433,994
Accounts receivable:			
State	2,073,192		2,073,192
Federal		1,217,851	1,217,851
Interfund	943,349		943,349
Other	29,404	17,387	46,791
Restricted assets:			
Cash held with fiscal agents	877,298		877,298
Total assets	<u>\$ 37,587,121</u>	<u>\$ 2,005,354</u>	<u>\$ 39,592,475</u>
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 2,044,297	\$ 327,327	\$ 2,371,624
Intergovernmental payables:			
State		38,225	38,225
Interfunds payable		943,349	943,349
Payroll withholdings payable	1,853,604		1,853,604
Unemployment claims payable	279,984		279,984
Other liabilities	223,955		223,955
Unearned revenue	77,944	165,480	243,424
Total liabilities	4,479,784	1,474,381	5,954,165
Fund balances:			
Restricted for:			
Capital reserve	6,029,845		6,029,845
Excess fund balance-current year	3,816,284		3,816,284
Excess fund balance-prior year	7,515,949		7,515,949
Unemployment compensation reserve	1,715,833		1,715,833
Student activities		470,845	470,845
Scholarships		60,128	60,128
Assigned to:			
Designated for subsequent year expenditures	4,614,488		4,614,488
Other purposes	5,297,617		5,297,617
Unassigned	4,117,321		4,117,321
Total fund balances	<u>33,107,337</u>	<u>530,973</u>	<u>33,638,310</u>
Total liabilities and fund balances	<u>\$ 37,587,121</u>	<u>\$ 2,005,354</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 \$127,090,851 and the accumulated depreciation is \$62,359,032.	64,731,819
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.	(409,162)
Net deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(1,382,610)
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.	813,129
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.	(26,522,665)
Accrued pension contributions for the June 30, 2023 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.	(2,293,163)
Long-term liabilities, including bonds payable, financed purchases payable, premiums on bonds, other post-employment benefits payable liabilities and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(32,248,471)</u>
Net position of governmental activities	<u>\$ 36,327,187</u>

Parsippany-Troy Hills School District
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2023

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Debt Service Fund	
Revenues:				
Local sources:				
Local tax levy	\$ 148,453,915		\$ 2,687,528	\$ 151,141,443
Tuition	318,728			318,728
Interest	341,782			341,782
Miscellaneous	237,973	\$ 775,363		1,013,336
Total local sources	149,352,398	775,363	2,687,528	152,815,289
State sources	46,827,114	335,645	548,222	47,710,981
Federal sources	77,699	4,529,998		4,607,697
Total revenues	196,257,211	5,641,006	3,235,750	205,133,967
Expenditures:				
Current:				
Regular instruction	45,028,417			45,028,417
Special education instruction	12,785,979	2,741,218		15,527,197
Other instruction	4,609,933			4,609,933
School sponsored instruction	1,909,081			1,909,081
Support services and undist costs:				
Tuition	8,535,855			8,535,855
Student services	17,486,826	1,988,195		19,475,021
Instruction services	3,972,527			3,972,527
General administration	1,549,802			1,549,802
School administration	5,434,753			5,434,753
Central services	1,910,698			1,910,698
Admin info technology	2,238,642			2,238,642
Plant oper. and maintenance	12,504,463			12,504,463
Pupil transportation	10,879,713			10,879,713
Unallocated benefits	62,084,199			62,084,199
Other		739,426		739,426
Charter school	660,920			660,920
Capital outlay	4,758,083	168,097		4,926,180
Debt service:				
Principal	1,600,895		2,240,000	3,840,895
Interest	183,944		995,750	1,179,694
Total expenditures	198,134,730	5,636,936	3,235,750	207,007,416
(Deficiency) Excess of revenues (under) over expenditures	(1,877,519)	4,070	-	(1,873,449)
Other financing sources:				
Financed Purchases Payable (non-budgeted)	1,000,000			1,000,000
Total other financing sources	1,000,000	-	-	1,000,000
Net change in fund balances	(877,519)	4,070	-	(873,449)
Fund balances, July 1	33,984,856	526,903	-	34,511,759
Fund balances, June 30	\$ 33,107,337	\$ 530,973	\$ -	\$ 33,638,310

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, 2023

Total net change in fund balances - governmental funds (from B-2) \$ (873,449)

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

Capital outlays are reported in governmental funds as expenditures.

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

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

Capital additions	\$	4,713,565	
Depreciation expense		<u>(4,600,072)</u>	113,493

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

33,638

Governmental funds report the effect of refunding transactions when the debt is first issued,
whereas the amounts are deferred and amortized in the statement of activities.

This represents the current year amortization related to the deferred interest costs.

(224,573)

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

2,240,000

Governmental funds report the effect of premiums on bonds
when debt is first issued, whereas these amounts are deferred and amortized in the
statement of activities. This amount is the current year amortization of the premium
in the treatment of long-term debt and related items.

408,653

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

(10,615)

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

(1,000,000)

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

1,600,895

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).

(118,979)

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			4,766,040
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Change in net position of governmental activities (A-2)

\$ 6,935,103

See accompanying notes to the basic financial statements.

Proprietary Fund

Parsippany-Troy Hills School District
 Proprietary Funds

Statement of Net Position

June 30, 2023

	Major Enterprise Funds		Total
	Food Service	Adult and Community Education	
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,807,705	\$ 588,099	\$ 4,395,804
Accounts receivable:			
State	2,669		2,669
Federal	52,678		52,678
Other	12,182		12,182
Other assets		22,514	22,514
Inventories	73,310		73,310
Total current assets	<u>3,948,544</u>	<u>610,613</u>	<u>4,559,157</u>
Non-current assets:			
Capital assets:			
Equipment	1,908,886		1,908,886
Accumulated depreciation	<u>(880,636)</u>		<u>(880,636)</u>
Total capital assets, net	<u>1,028,250</u>		<u>1,028,250</u>
Total assets	<u>4,976,794</u>	<u>610,613</u>	<u>5,587,407</u>
Liabilities			
Current liabilities:			
Accounts payable	60,218	65,666	125,884
Unearned revenue	126,931	477,095	604,026
Total current liabilities	<u>187,149</u>	<u>542,761</u>	<u>729,910</u>
Net position			
Investment in capital assets	1,028,250		1,028,250
Unrestricted	3,761,395	67,852	3,829,247
Total net position	<u>\$ 4,789,645</u>	<u>\$ 67,852</u>	<u>\$ 4,857,497</u>

See accompanying notes to the basic financial statements.

Parsippany-Troy Hills School District
Proprietary Funds

Statement of Revenues, Expenses and
Changes in Net Position

Year ended June 30, 2023

	Major Enterprise Funds		Total
	Food Service	Adult and Community Education	
Operating revenues:			
Local sources:			
Daily sales-non reimbursable programs	\$ 1,764,537		\$ 1,764,537
Special event income	155,122		155,122
Refund of prior year expenditures	126,801		126,801
Adult school income		\$ 1,924,362	1,924,362
Total operating revenues	<u>2,046,460</u>	<u>1,924,362</u>	<u>3,970,822</u>
Operating expenses:			
Cost of sales - reimbursable programs	930,892		930,892
Cost of sales - non-reimbursable programs	364,014		364,014
Salaries and wages	990,616	534,972	1,525,588
Purchased professional/technical services	100,387	1,018,599	1,118,986
Other purchased services	16,312	38,871	55,183
Employee benefits	279,089	138,565	417,654
Supplies, insurance and other costs	317,491	125,503	442,994
Depreciation	93,323		93,323
Management fee	122,672		122,672
Total operating expenses	<u>3,214,796</u>	<u>1,856,510</u>	<u>5,071,306</u>
Operating (loss) income	(1,168,336)	67,852	(1,100,484)
Nonoperating revenues:			
State sources:			
State school lunch program	38,525		38,525
State school breakfast program	8,544		8,544
Federal sources:			
National school lunch program	776,260		776,260
School breakfast program	141,010		141,010
COVID-19 Supply Chain Assistance	320,059		320,059
COVID-19 PEBT	653		653
Food donation program	269,825		269,825
Total nonoperating revenues	<u>1,554,876</u>		<u>1,554,876</u>
Change in net position	386,540	67,852	454,392
Total net position-beginning	4,403,105	-	4,403,105
Total net position-ending	<u>\$ 4,789,645</u>	<u>\$ 67,852</u>	<u>\$ 4,857,497</u>

Parsippany-Troy Hills School District
Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2023

	<u>Major Enterprise Funds</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Adult and Community Education</u>	
Cash flows from operating activities			
Receipts from customers	\$ 2,032,413	\$ 1,995,639	\$ 4,028,052
Payments for salaries and wages	(990,616)	(534,972)	(1,525,588)
Payments for employee benefits	(279,089)	(138,565)	(417,654)
Payments to suppliers	(1,812,468)	(1,119,855)	(2,932,323)
Net cash (used for) provided by operating activities	<u>(1,049,760)</u>	<u>202,247</u>	<u>(847,513)</u>
Cash flows from noncapital financing activities			
State school lunch program	44,591		44,591
State school breakfast program	8,024		8,024
School breakfast program	273,261		273,261
National school lunch program	1,094,282		1,094,282
Supply chain assistance	320,059		320,059
Food donation program	304,587		304,587
Net cash provided by noncapital financing activities	<u>2,044,804</u>		<u>2,044,804</u>
Cash flows from capital and related financing activity			
Acquisition of capital assets	(212,750)		(212,750)
Net cash (used for) capital and related financing activity	<u>(212,750)</u>		<u>(212,750)</u>
Net increase in cash and cash equivalents	782,294	202,247	984,541
Cash and cash equivalents, beginning of year	3,025,411	385,852	3,411,263
Cash and cash equivalents, end of year	<u>\$ 3,807,705</u>	<u>\$ 588,099</u>	<u>\$ 4,395,804</u>
Reconciliation of operating (loss) income to net cash (used for) operating activities			
Operating (loss) income	\$ (1,168,336)	\$ 67,852	\$ (1,100,484)
Adjustments to reconcile operating (loss) income to net cash (used for) operating activities:			
Depreciation	93,323		93,323
Change in assets and liabilities:			
(Increase) in other accounts receivable	(10,065)		(10,065)
(Increase) in inventory	(20,918)		(20,918)
(Increase) in prepaid expenses		(2,548)	(2,548)
Increase in accounts payable	60,218	65,666	125,884
(Decrease) increase in unearned revenue	(3,982)	71,277	67,295
Net cash (used for) operating activities	<u>\$ (1,049,760)</u>	<u>\$ 202,247</u>	<u>\$ (847,513)</u>

Noncash noncapital financing activities:

The District received \$304,587 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2023.

Parsippany-Troy Hills School District
Notes to the Basic Financial Statements
Year ended June 30, 2023

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, 2023

1. Summary of Significant Accounting Policies (continued)

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

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

B. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and enterprise funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires all funds, except for internal service 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, 2023

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

The District has reported the following major governmental funds:

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

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

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

The District reports the following major proprietary funds:

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

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

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

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

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

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

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

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for review and approval and are approved by the Board of Education members. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referred in N.J.A.C. 6A:23. The over expenditure in the general fund is due to the inclusion of the non-budgeted on behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over expenditures. All budget amendments must be approved by School Board resolution and certain other require approval by County Superintendent of Schools. Budget amendments were made during the year ended June 30, 2023 and were not significant.

D. Budgets/Budgetary Control

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

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

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, 2023, the unused Food Donation Program commodities of \$47,677 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, 2023

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, 2023, the amount earned by these employees but not disbursed was \$1,811,253 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, 2023 amounted to \$224,573 and the remaining balance at June 30, 2023 is \$813,129.

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, 2023

1. Summary of Significant Accounting Policies (continued)

retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions. In the government-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components- the amount due within one year and the amount due in more than one year. The liability for vested compensated absences of the District is recorded in the government-wide governmental activities financial statements amounted to \$1,105,112 at June 30, 2023. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. Unearned Revenue

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

M. Long-Term Obligations

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

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

N. Net Position

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

O. Fund Balances

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

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

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

Of the \$33,107,337 of fund balances in the General Fund at June 30, 2023, \$6,029,845 has been restricted in the capital reserve account, \$3,816,284 has been restricted for excess fund balance - current year, \$7,515,949 has been classified as restricted excess fund balance prior year designated for subsequent years expenditures, \$1,715,833 is restricted for unemployment compensation reserve, \$5,297,617 of encumbrances is assigned to other purposes, \$4,614,488 has been assigned as designated for subsequent years expenditures, and \$4,117,321 is unassigned.

Of the \$530,973 of fund balances in the Special Revenue Fund, \$470,845 is classified as restricted for student activities and \$60,128 is classified as restricted for scholarships.

P. Management Estimates

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

Q. Deferred Outflows/Inflows of Resources

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

R. On-Behalf Payments

Revenues and expenditures of the general fund include payments made or reimbursed by the State of New Jersey for social security and post-retirement pension and medical contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased by \$35,639,304 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, 2023

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 2023 fiscal year in the amount of \$3,816,284, which will be utilized in its 2024-25 budget. The District also has prior year excess fund balance in the amount of \$7,515,949 which will be utilized in the 2023-24 fiscal year budget.

T. GASB Pronouncements

Recently Issued Accounting Pronouncements

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 reviewed the requirements of GASB Statement No. 96 and deemed the impact immaterial to the financial statements.

The GASB issued Statement No. 99, *Omnibus 2022* in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has reviewed the requirements of GASB Statement No. 99 and deemed the impact immaterial to the financial statements.

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. 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, 2023

1. Summary of Significant Accounting Policies (continued)

U. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2023 and December 5, 2023, the date that the financial statements were available for issuance. The effect of those events and transactions that provide additional pertinent information about conditions that existed at the balance sheet and statement of net position date, have been recognized in the accompanying financial statements.

2. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, other post-employment benefits, financed purchases payable and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds. The details of this \$32,248,471 difference are as follows:

Bonds payable	\$	18,795,000
Premium on bonds		1,892,236
Other post-employment benefit payable		374,552
Financed purchases payable		10,081,571
Compensated absences payable		1,105,112
Net adjustment to reduce fund balance-total governmental funds to arrive at net position - governmental activities	\$	<u>32,248,471</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, 2023

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, 2023, the carrying amount of the District's deposits was \$37,210,096 and the bank balance was \$42,608,504, 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, 2023 was secured by federal depository insurance. The New Jersey GUDPA covered the bank balance of \$39,058,940. \$3,299,565 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 \$877,298 related to financed purchases where the funds are currently held by the lessor.

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

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, 2023, the District's balance was \$356,391 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, 2023, the District's balance with NJCMF was \$1,102,804. 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, 2023

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, 2023, 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, 2023.

4. Capital Assets

The following is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2023:

	Beginning Balance	Increases	Transfers/ Dispositions	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 3,956,475			\$ 3,956,475
Construction in progress	2,768,914	\$ 1,966,699	\$ (3,133,955)	1,601,658
Total capital assets, not being depreciated	6,725,389	1,966,699	(3,133,955)	5,558,133
Capital assets, being depreciated				
Land improvements	7,555,753	524,600		8,080,353
Buildings and building improvements	95,764,492	1,343,028	2,779,317	99,886,837
Machinery, equipment, and vehicles	13,458,814	879,238	(772,524)	13,565,528
Total capital assets being depreciated	116,779,059	2,746,866	2,006,793	121,532,718
Less accumulated depreciation for:				
Land improvements	(3,798,291)	(340,386)		(4,138,677)
Buildings and building improvements	(44,960,042)	(3,551,659)		(48,511,701)
Machinery, equipment, and vehicles	(10,127,789)	(708,027)	1,127,162	(9,708,654)
Total accumulated depreciation	(58,886,122)	(4,600,072)	1,127,162	(62,359,032)
Total capital assets being depreciated, net	57,892,937	(1,853,206)	3,133,955	59,173,686
Governmental activities capital assets, net	\$ 64,618,326	\$ 113,493	\$ -	\$ 64,731,819

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

4. Capital Assets (continued)

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

Instruction	\$ 2,664,099
Student activities	773,517
Instruction services	157,783
Central services	75,890
Plant operations and maintenance	496,658
Pupil transportation	432,125
	\$ 4,600,072

Depreciation expense on capital assets acquired through financed purchases 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, 2023:

	Beginning Balance	Increases	Ending Balance
Business-type activities			
Capital assets, being depreciated:			
Equipment and vehicles	\$ 1,696,136	\$ 212,750	\$ 1,908,886
Less accumulated depreciation for:			
Equipment and vehicles	(787,313)	(93,323)	(880,636)
Total business-type activities capital assets, net	\$ 908,823	\$ 119,427	\$ 1,028,250

5. Long-Term Liabilities

During the fiscal year ended June 30, 2023, the following changes occurred in governmental activities long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Compensated absences payable	\$ 986,133	\$ 223,701	\$ 104,722	\$ 1,105,112	\$ 130,589
Bonds payable	21,035,000		2,240,000	18,795,000	2,250,000
Other postemployment benefit payable	363,937	10,615		374,552	
Premium on bonds	2,300,889		408,653	1,892,236	408,653
Financed purchases payable	10,682,466	1,000,000	1,600,895	10,081,571	1,335,250
Subtotal	35,368,425	1,234,316	4,354,270	32,248,471	4,124,492
Net pension liability	21,373,212	5,149,453		26,522,665	
Total governmental activities long-term liabilities	\$56,741,637	\$ 6,383,769	\$ 4,354,270	\$58,771,136	\$4,124,492

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

5. Long-Term Liabilities (continued)

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

Bonds Payable

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

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

	Principal	Interest	Total
Fiscal year ending June 30:			
2024	\$ 2,250,000	\$ 883,500	\$ 3,133,500
2025	2,255,000	770,875	3,025,875
2026	2,265,000	657,875	2,922,875
2027	2,070,000	549,500	2,619,500
2028	2,070,000	446,000	2,516,000
2029-2032	7,885,000	759,875	8,644,875
	<u>\$ 18,795,000</u>	<u>\$ 4,067,625</u>	<u>\$ 22,862,625</u>

Bonds payable at June 30, 2023 are comprised of the following issues:

\$19,715,000, 2014 refunding school bonds due in annual installments ranging from \$2,250,000 to \$2,265,000 through August 2025 at an interest rate of 5.0%.

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

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

Bonds Authorized But Not Issued

As of June 30, 2023, 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, 2023

5. Long-Term Liabilities (continued)

Financed Purchases Payable - Leases

The District has financed purchases payable - leases outstanding for various purposes (maintenance vehicles, buses, improvements and various equipment and an Energy Savings Improvement Plan lease) with rates ranging from 0.845% to 2.961%. The following is a schedule of the future minimum lease payments under these financed purchases payable - leases and the present value of the net future minimum lease payments at June 30, 2023:

Year Ending June 30:	Principal	Interest	Total
2024	\$ 1,335,250	\$ 180,891	\$ 1,516,141
2025	1,139,209	156,515	1,295,724
2026	930,695	134,514	1,065,209
2027	857,136	117,233	974,369
2028	770,085	100,473	870,558
2029-2033	4,353,994	282,107	4,636,101
2034	695,202	6,206	701,408
	\$ 10,081,571	\$ 977,939	\$ 11,059,510

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

On June 20, 2019, the Board of Education entered into a financed purchase for an amount not to exceed \$359,500. The financed purchase was issued at an interest rate of 2.403%. The final principal payment of \$73,734 is due in July 2023.

On July 1, 2020, the Board of Education entered into a financed purchase for an amount not to exceed \$1,000,000. The financed purchase was issued at an interest rate of 1.197%. Principal payments range from \$95,734 to \$97,792 per year through November 2024.

On April 29, 2021, the Board of Education refinanced the 2014 Energy Savings Improvement Plan (“ESIP”) lease for an amount not to exceed \$9,502,079. A Lease with TD Wealth Management was issued on April 29, 2021. The financed purchase was issued at a fixed interest rate of 1.785%. Semi-annual principal payments range from \$326,239 to \$695,202 through July 2033.

On August 2, 2021, the Board of Education entered into a financed purchase for \$483,013. The financed purchase was issued at an interest rate of 0.845%. The final principal payment of \$161,393 is due in November 2023.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

5. Long-Term Liabilities (continued)

Financed Purchases Payable – Leases (continued)

On August 2, 2021, the Board of Education entered into a financed purchase for \$516,987. The financed purchase was issued at an interest rate of 1.090%. Principal payments range from \$102,592 to \$104,842 per year through November 2025.

On July 15, 2022, the Board of Education entered into a financed purchase for \$574,315. The financed purchase was issued at an interest rate of 2.898%. Principal payments range from \$108,666 to \$118,390 per year through August 2026.

On July 15, 2022, the Board of Education entered into a financed purchase for \$425,685. The financed purchase was issued at an interest rate of 2.898%. Principal payments range from \$138,205 to \$145,269 per year through August 2024.

The District has capitalized assets acquired from financed purchases, net of amortization, of \$27,984,133 at June 30, 2023.

6. Pension Plans

Description of Systems

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

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

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

Public Employees' Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all fulltime employees of the State or any county, municipality, school district or public agency, provided the employee is not a member of another State- administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS are 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. DCRP plan members are required to contribute 5.5% of their annual covered salary. In addition to employee contributions, the employer is required to contribute 3% of the covered salary to the DCRP.

During the year ended June 30, 2023, the State of New Jersey contributed \$30,444,815 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 \$5,194,489 during the year ended June 30, 2023 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.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

The District's actuarially determined contributions to PERS for the years ended June 30, 2023, 2022 and 2021 were \$2,216,256, \$2,112,904, and \$1,957,535, respectively, equal to the required contributions for each year.

For the years ended June 30, 2023, 2022, and 2021, employee contributions to DCRP were \$346,227, \$302,509, and \$241,673, respectively. Employer contributions for the years ended June 30, 2023, 2022, and 2021 were \$188,349, \$164,247, and \$133,115, respectively.

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

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

Public Employees' Retirement System (PERS)

At June 30, 2023, the District reported a liability of \$26,522,665 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2021, which was rolled forward to June 30, 2022. 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, 2022, the District's proportion was 0.1757471533 percent, which was a decrease of 0.0046708065 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized full accrual pension benefit of \$4,766,040 in the government-wide financial statements. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 82,176	\$ 3,971,493
Difference between expected and actual experience	191,428	168,813
Changes in proportion	209,460	
Net difference between projected and actual earnings on pension plan investments	1,097,749	
Changes in proportion and differences between District contributions and proportionate share of contributions		1,116,280
District contributions subsequent to the measurement date	2,293,163	
	<u>\$ 3,873,976</u>	<u>\$ 5,256,586</u>

\$2,293,163 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:	
2024	\$ (2,730,650)
2025	(1,325,340)
2026	(716,932)
2027	1,106,142
2028	(8,993)
	<u>\$ (3,675,773)</u>

Additional Information

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	2.75 - 6.55%
	based on years of service
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

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

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, 2022) 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, 2022 are summarized in the following table:

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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, 2022 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 34,073,855	\$ 26,522,665	\$ 20,096,298

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

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, 2022 are as follows:

Deferred outflows of resources	\$ 1,660,772,008
Deferred inflows of resources	\$ 3,236,303,935
Net pension liability	\$ 15,219,184,920
District's Proportion	0.1757471533%

Collective pension benefit for the Local Group for the measurement period ended June 30, 2022 is \$1,032,778,934.

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, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 is 5.04, 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years, respectively.

Special Funding Situation

A special funding situation exists for certain Local employers of the PERS. The State of New Jersey, a nonemployer, is required to pay the additional costs incurred by local employers under Chapter 366, P.L. 2011 and Chapter 122, P.L. 2001. The June 30, 2022 State special funding situation net pension liability amount of \$127.8 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The special funding situation for Chapter 133, P.L. 2011 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there was no net pension liability associated with this special funding situation. There was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense of \$50.2 million, for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The District's expense related to the special funding situation is \$55,805.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

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

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2022 was \$299,132,734. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022.

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, 2022, the State's proportionate share of the TPAF net pension liability associated with the District was 0.5797773456 percent, which was an increase of 0.0082571129 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$16,054,361 for contributions incurred by the State.

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:	2.75 - 5.65%
	based on years of service
Investment rate of return	7.00%

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

Mortality Rates

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real estate	8.00%	11.19%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flow used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 350,739,487	\$ 299,132,734	\$ 255,660,529

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

Pension plan fiduciary information

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

Additional Information

Collective balances of the Local Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 4,996,491,160
Deferred inflows of resources	\$ 1,953,696,776
Net pension liability	\$ 51,594,415,806
District's Proportion	0.5797773456%

Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2022 is \$1,424,884,581.

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, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 is 7.83, 7.93, 7.99, 8.04, 8.29, 8.30, 8.30, 8.30, and 8.50 years, respectively.

Defined Contribution Retirement Program

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

7. Post-Retirement Benefits

State of New Jersey's Post-Retirement Benefits Plan

General Information about the OPEB Plan

State Health Benefit State Retired Employees Plan:

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability.

The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds the 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 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims 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. 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 2022 State OPEB liability to provide these benefits its \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

Total OPEB Liability

The Nonemployer OPEB liability from the State of New Jersey’s plan is \$50,646,462,966.

Changes in the Total Non-employer OPEB Liability

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

	<u>Total OPEB Liability</u>
Beginning OPEB Liability, June 30, 2021	\$ 322,545,493
Changes for the year:	
Service cost	14,408,007
Interest cost	7,257,777
Differences between expected and actual experiences	10,081,399
Changes of assumptions	(73,467,276)
Member contributions	230,628
Gross benefit payments	(7,189,043)
Net changes	<u>(48,678,508)</u>
Ending OPEB Liability, June 30, 2022	<u>\$ 273,866,985</u>

Employees covered by benefit terms

The following employees were covered by the benefit terms:

<u>Local Education Group</u>	<u>June 30, 2022</u>
Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	151,669
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	<u>364,817</u>

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective total OPEB liability on the Statement of Net Position. The State’s proportionate share of the total OPEB liability

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

associated with the District as of June 30, 2022 was \$273,866,985. Additional information can be obtained from the State of New Jersey’s annual comprehensive financial report.

Actuarial assumptions and other inputs

The total non-employer OPEB liability in the June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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:	2.75 - 4.25%	2.75 - 6.55%
	based on years of service	based on years of service

Mortality Rates

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the actual experience studies for the periods July 1, 2018 to June 30, 2021.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. 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.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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

The following presents the non-employer OPEB liability associated with the District as of June 30, 2022 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 (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	At 1% Decrease (2.54%)	At Current Discount Rate (3.54%)	At 1% Increase (4.54%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 321,901,833	\$ 273,866,985	\$ 235,369,456

The following presents the non-employer OPEB liability associated with the District as of June 30, 2022 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)	\$ 226,367,803	\$ 273,866,985	\$ 336,260,045

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

For the year ended June 30, 2023, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$2,448,345 for OPEB expenses incurred by the State. Collective balances of the Local Education Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 20,104,625,333
Deferred inflows of resources	\$ 34,996,842,046
Collective OPEB expense	\$ 1,595,653,562
District's proportion	0.54%

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

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, 2023, 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, 2023

7. Post-Retirement Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation

Actuarial assumptions and other inputs

The total OPEB liability of \$374,552 was reported in the June 30, 2023 actuarial valuation prepared by the District's actuary, Milliman, which was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate 4.13%

Healthcare cost trend rates

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2022 through June 30, 2023.

Changes in the total OPEB liability:

	Total OPEB Liability
Beginning OPEB Liability, July 1, 2022	\$ 363,937
Changes for the year:	
Service cost	178,681
Interest cost	19,980
Effect of economic/demographic gains or losses	(77,491)
Employer contributions	(109,334)
Changes in assumptions or other inputs	(1,221)
Net changes	10,615
Ending OPEB Liability, June 30, 2023	\$ 374,552

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

7. Post-Retirement Benefits – (continued)

For the year ended June 30, 2023, the District recognized OPEB expense of \$119,948.

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

The following presents the total OPEB liability of the District for school board retirees, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13%) or 1-percentage-point higher (5.13%) than the current discount rate:

	At 1% Decrease	At Current Discount Rate	At 1% Increase
Net OPEB liability associated with the District	\$ 408,695	\$ 374,552	\$ 343,937

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	\$ 301,515	\$ 374,552	\$ 433,731

8. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2023 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 943,349	
Special Revenue Fund		\$ 943,349
	<u>\$ 943,349</u>	<u>\$ 943,349</u>

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

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

9. Economic Dependency

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

10. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 may be impaired. As a result of the impact of COVID-19, the District has received funding under the American Rescue Plan Act (ARP), Elementary and Secondary School Emergency Relief (ESSER) Fund and the Coronavirus Relief Fund (CRF). To the extent that the District has not complied with the rules and regulations governing the ARP, ESSER and CRF funds, money may be required to be returned. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations or final eligible cost requirements governing the respective grants or funding; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

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

11. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District obtains its health and dental coverage through Aetna Life Insurance Company.

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, 2023

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, 2023

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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance July 1, 2022	\$ 8,029,845
Withdrawals:	
Capital Outlay – Withdrawal	(4,000,000)
Increased by Deposits:	
Board resolution - June 2023	2,000,000
Ending balance, June 30, 2023	<u>\$ 6,029,845</u>

The balance in the capital reserve at June 30, 2023 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 2023-2024 approved budget.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

14. Commitments

The District has contractual commitments at June 30, 2023 to various vendors, for which \$5,297,617 is recorded in the general fund as fund balance assigned to other purposes.

15. Tax Abatements

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

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

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

Parsippany Troy-Hills Township recognized revenue of \$666,780 from the annual service charge in lieu of payment of taxes in 2022 and taxes in 2022 that otherwise would have been due on these long-term tax exemptions amount to \$799,960, based upon the assessed valuations of the long-term tax exemptions properties. A portion of the \$133,180 abatement would have been allocated to the District.

Parsippany-Troy Hills School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

16. Net Position – Net Investment in Capital Assets

Net investment in capital assets, Governmental Activities, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$34,776,141 indicated as part of the Governmental Activities net position is calculated as follows:

Capital assets, net of depreciation	\$ 64,731,819
Bonds payable (used to build or acquire capital assets)	(18,795,000)
Unamortized premium	(1,892,236)
Financed purchases payable	(10,081,571)
Deferred loss on defeasance of debt	813,129
Total net investment in capital assets	<u>\$ 34,776,141</u>

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of the net pension liability (asset) - Local Group	N/A	0.2189206180%	0.2208325889%	0.1933744507%	0.1896270394%	0.1835884600%	0.1788035654%	0.1789417964%	0.1804179598%	0.1757471533%
District's proportionate share of the net pension liability (asset)	N/A	\$ 40,987,927	\$ 49,572,491	\$ 57,271,966	\$ 44,142,144	\$ 36,147,652	\$ 32,217,690	\$ 29,180,727	\$ 21,373,212	\$ 26,522,665
District's covered-employee payroll	\$ 14,449,640	\$ 14,655,575	\$ 12,967,062	\$ 13,169,259	\$ 12,723,692	\$ 12,861,862	\$ 12,804,059	\$ 13,159,982	\$ 13,121,529	\$ 13,035,759
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	279.67%	382.30%	434.89%	346.93%	281.05%	251.62%	221.74%	162.89%	203.46%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	N/A	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%

N/A - Information not available

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

See accompanying notes to required supplementary information.

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

Last Ten Fiscal Years

	Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 1,576,627	\$ 1,804,750	\$ 1,898,568	\$ 1,723,915	\$ 1,756,692	\$ 1,826,112	\$ 1,739,241	\$ 1,957,535	\$ 2,112,904	\$ 2,216,256
Contributions in relation to the contractually required contribution	(1,576,627)	(1,804,750)	(1,898,568)	(1,723,915)	(1,756,692)	(1,826,112)	(1,739,241)	(1,957,535)	(2,112,904)	(2,216,256)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 14,655,575	\$ 12,967,062	\$ 13,169,259	\$ 12,723,692	\$ 12,861,862	\$ 12,804,059	\$ 13,159,982	\$ 13,121,529	\$ 13,035,759	\$ 13,251,451
Contributions as a percentage of covered-employee payroll	10.76%	13.92%	14.42%	13.55%	13.66%	14.26%	13.22%	14.92%	16.21%	16.72%

See accompanying notes to required supplementary information.

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

Last Ten Fiscal Years*

	Year Ended June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.5599059555%	0.5602804165%	0.5602500664%	0.5609716107%	0.5665721794%	0.5750621563%	0.5688591159%	0.5715202327%	0.5797773456%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 299,251,510	\$ 354,121,149	\$ 440,728,374	\$ 378,227,288	\$ 360,441,051	\$ 352,921,073	\$ 374,586,883	\$ 274,759,430	\$ 299,132,734
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 299,251,510</u>	<u>\$ 354,121,149</u>	<u>\$ 440,728,374</u>	<u>\$ 378,227,288</u>	<u>\$ 360,441,051</u>	<u>\$ 352,921,073</u>	<u>\$ 374,586,883</u>	<u>\$ 274,759,430</u>	<u>\$ 299,132,734</u>
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%

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*						
	2023	2022	2021	2020	2019	2018	2017
State's proportion of the net OPEB liability (asset) associated with the District	0.5407425691%	0.5375072808%	0.5349135718%	0.5335306228%	0.5355589176%	0.5288999877%	0.5330000091%
District's proportionate share of the net OPEB liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability (asset) associated with the District	\$ 273,866,985	\$ 322,545,493	\$ 362,724,693	\$ 222,637,426	\$ 246,950,678	\$ 283,701,117	\$ 306,508,509
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 273,866,985</u>	<u>\$ 322,545,493</u>	<u>\$ 362,724,693</u>	<u>\$ 222,637,426</u>	<u>\$ 246,950,678</u>	<u>\$ 283,701,117</u>	<u>\$ 306,508,509</u>
Plan fiduciary net position as a percentage of the total OPEB liability -	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total OPEB Liability	2023	2022	2021	2020	2019	2018	2017**
Service cost	\$ 14,408,007	\$ 16,398,877	\$ 9,158,125	\$ 9,005,130	\$ 10,160,921	\$ 12,280,607	
Interest cost	7,257,777	8,367,170	8,006,607	9,778,384	10,407,149	8,995,933	
Changes of benefit terms		(343,310)					
Differences between expected and actual experiences	10,081,399	(58,543,074)	62,788,537	(39,784,581)	(22,604,544)	-	
Changes of assumptions	(73,467,276)	318,216	66,257,337	3,319,542	(28,338,825)	(37,754,777)	
Member contributions	230,628	213,907	191,399	202,588	228,233	241,965	
Gross benefit payments	(7,189,043)	(6,590,986)	(6,314,748)	(6,834,305)	(6,603,373)	(6,571,120)	
Net change in total OPEB liability	(48,678,508)	(40,179,200)	140,087,257	(24,313,242)	(36,750,439)	(22,807,392)	
Total OPEB liability - beginning	<u>322,545,493</u>	<u>362,724,693</u>	<u>222,637,436</u>	<u>246,950,678</u>	<u>283,701,117</u>	<u>306,508,509</u>	
Total OPEB liability - ending	<u>\$ 273,866,985</u>	<u>\$ 322,545,493</u>	<u>\$ 362,724,693</u>	<u>\$ 222,637,436</u>	<u>\$ 246,950,678</u>	<u>\$ 283,701,117</u>	
Covered-employee payroll	<u>\$ 85,397,643</u>	<u>\$ 81,322,577</u>	<u>\$ 79,754,909</u>	<u>\$ 77,645,298</u>	<u>\$ 74,397,517</u>	<u>\$ 72,197,978</u>	
Total OPEB liability as a percentage of covered-employee payroll	<u>320.70%</u>	<u>396.62%</u>	<u>454.80%</u>	<u>286.74%</u>	<u>331.93%</u>	<u>392.95%</u>	

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

** Information not available

See accompanying notes to required supplementary information.

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

	Last Ten Fiscal Years*					
	2023	2022	2021	2020	2019	2018
Balance, Beginning of Year	\$ 363,937	\$ 433,255	\$ 435,304	\$ 424,084	\$ 390,738	\$ 2,321,680
Changes for the year:						
Service Cost	178,681	178,681	178,681	178,681	178,681	178,681
Interest	19,980	11,557	12,494	12,069	14,419	51,648
Effect of economic/demographic gains or losses	(77,491)	(48,739)	(62,154)	(33,658)	(32,613)	(1,957,042)
Employer contributions	(109,334)	(139,450)	(137,605)	(152,306)	(152,307)	(164,911)
Changes in assumptions or other inputs	(1,221)	(71,367)	6,535	6,434	25,166	(39,318)
Net changes	<u>10,615</u>	<u>(69,318)</u>	<u>(2,049)</u>	<u>11,220</u>	<u>33,346</u>	<u>(1,930,942)</u>
Balance, End of Year	\$ 374,552	\$ 363,937	\$ 433,255	\$ 435,304	\$ 424,084	\$ 390,738
Total OPEB Liability	\$ 374,552	\$ 363,937	\$ 433,255	\$ 435,304	\$ 424,084	\$ 390,738
OPEB plan's fiduciary net position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB Liability	\$ 374,552	\$ 363,937	\$ 433,255	\$ 435,304	\$ 424,084	\$ 390,738
Plan fiduciary net position as a percentage of the total OPEB liability -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	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, 2023

PENSION

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

There were none.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

There were none.

OTHER POST EMPLOYMENT BENEFITS

A. Parsippany-Troy Hills Post-Employment Retirement Plan

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.09% as of June 30, 2022 to 4.13% as of June 30, 2023.

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

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.

Required Supplementary Information
Part III
Budgetary Comparison Schedules

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Revenues					
Local sources:					
Local tax levy	\$ 148,453,915		\$ 148,453,915	\$ 148,453,915	
Tuition from individuals	225,000		225,000	279,910	\$ 54,910
Tuition				38,818	38,818
Interest	5,000		5,000	341,782	336,782
Interest on capital reserve funds	5,000		5,000		(5,000)
Rents and Royalties	50,000		50,000	42,897	(7,103)
Miscellaneous	545,000		545,000	195,076	(349,924)
Total revenues - local sources	149,283,915		149,283,915	149,352,398	68,483
State sources:					
Special education categorical aid	7,406,183		7,406,183	7,406,183	
Equalization aid	92,029		92,029	92,029	
Security aid	523,570		523,570	523,570	
Extraordinary aid	300,000		300,000	1,994,963	1,694,963
Transportation aid	1,163,059		1,163,059	1,163,059	
Additional nonpublic transportation aid				78,229	78,229
Alyssa's Law				65,133	65,133
Lead Testing of Drinking Water				9,026	9,026
On-behalf TPAF post-retirement medical (non-budgeted)				6,332,288	6,332,288
On-behalf TPAF long-term disability contributions (non-budgeted)				7,668	7,668
On-behalf TPAF pension contributions (non-budgeted)				24,104,859	24,104,859
Reimbursed TPAF social security contributions (non-budgeted)				5,194,489	5,194,489
Total - state sources	9,484,841		9,484,841	46,971,496	37,486,655
Federal sources:					
Medicaid reimbursement	66,359		66,359	77,699	11,340
Total - Federal sources	66,359		66,359	77,699	11,340
Total revenues	158,835,115		158,835,115	196,401,593	37,566,478
Expenditures					
Current Expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool	169,284	\$ (749)	168,535	168,535	
Kindergarten	2,492,854	161,350	2,654,204	2,654,204	
Grades 1-5	14,326,573	(726,356)	13,600,217	13,391,031	209,186
Grades 6-8	11,524,960	(266,780)	11,258,180	11,252,780	5,400
Grades 9-12	14,236,372	(274,154)	13,962,218	13,962,218	
Home Instruction:					
Salaries of teachers	45,000	(8,000)	37,000	35,548	1,452
Purchased professional - educational services	50,000	11,000	61,000	58,351	2,649
Undistributed Instruction:					
Purchased professional - educational services	1,181,384	28,693	1,210,077	1,209,384	693
Purchased technical services	71,700	(4,595)	67,105	28,769	38,336
Other purchased services	236,611	(10,831)	225,780	217,090	8,690
General supplies	1,428,217	58,562	1,486,779	1,135,894	350,885
Textbooks	1,041,349	125,102	1,166,451	889,412	277,039
Other objects	34,969	(8,410)	26,559	25,201	1,358
Total instruction - regular programs	46,839,273	(915,168)	45,924,105	45,028,417	895,688
Special Education: Learning / Language Disabilities:					
Salaries of teachers	699,601	(28,489)	671,112	671,112	
Other salaries for instruction	255,042	(8,781)	246,261	246,261	
Purchased professional - educational services	40,000	(22,906)	17,094	15,425	1,669
General supplies	9,150	365	9,515	3,362	6,153
Textbooks	2,000	(735)	1,265	67	1,198
Total learning/language disabilities	1,005,793	(60,546)	945,247	936,227	9,020

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Special Education - Emotional Regulation Impairment:					
Salaries of teachers	\$ 161,565	\$ (45,062)	\$ 116,503	\$ 116,503	
Other salaries for instruction	56,808	(10,321)	46,487	46,487	
Purchased professional - educational services	1,000	(775)	225	225	
General supplies	8,430	395	8,825	8,700	\$ 125
Total emotional regulation impairment	227,803	(55,763)	172,040	171,915	125
Special Education - Multiple Disabilities:					
Salaries of teachers	1,157,597	93,480	1,251,077	1,251,077	
Other salaries for instruction	428,774	61,724	490,498	490,498	
Purchased professional - educational services	17,000	(3,989)	13,011	12,561	450
Purchased technical services	2,500	3,710	6,210	6,210	
General supplies	24,385	(960)	23,425	16,587	6,838
Textbooks	10,200	(2,395)	7,805	4,487	3,318
Total multiple disabilities	1,640,456	151,570	1,792,026	1,781,420	10,606
Resource Room/Center:					
Salaries of teachers	7,439,348	167,225	7,606,573	7,606,573	
Other Salaries for Instruction	136,884	(12,532)	124,352	124,352	
Purchased professional - educational services	100,000	(54,375)	45,625	44,349	1,276
General supplies	37,000	(434)	36,566	25,896	10,670
Textbooks	7,000		7,000	2,619	4,381
Total resource room/center	7,720,232	99,884	7,820,116	7,803,789	16,327
Special Education - Autism:					
Salaries of teachers	720,393	(39,012)	681,381	681,381	
Other salaries for instruction	254,942	(39,554)	215,388	215,388	
Purchased professional - educational services	10,000	(7,340)	2,660	2,659	1
General supplies	16,150	(1,249)	14,901	8,356	6,545
Textbooks	1,000		1,000		1,000
Total autism	1,002,485	(87,155)	915,330	907,784	7,546
Special Education - Preschool Disabilities - Full Time:					
Salaries of teachers	1,074,756	9,251	1,084,007	1,084,007	
Other salaries of instruction	148,707	(65,531)	83,176	83,176	
Purchased professional - educational services	18,000	6,567	24,567	7,390	17,177
General supplies	13,150	(1,000)	12,150	10,271	1,879
Total preschool disabilities - part time	1,254,613	(50,713)	1,203,900	1,184,844	19,056
Total Special Education - Instruction	12,851,382	(2,723)	12,848,659	12,785,979	62,680
Basic Skills/Remedial Instruction:					
Salaries of teachers	2,353,998	15,340	2,369,338	2,369,338	
Purchased professional - educational services	9,000	(6,673)	2,327	2,026	301
General supplies	1,000		1,000	895	105
Other Objects	940		940	72	868
Total basic skills/remedial instruction	2,364,938	8,667	2,373,605	2,372,331	1,274
Bilingual Education - Instruction:					
Salaries of teachers	1,515,515	(19,498)	1,496,017	1,496,017	
Purchased professional - educational services	7,000	(1,220)	5,780	5,778	2
General supplies	2,712	(2)	2,710	2,258	452
Total bilingual education - instruction	1,525,227	(20,720)	1,504,507	1,504,053	454
Vocational Programs - Local - Instruction:					
Salaries of teachers	124,371	1,241	125,612	124,914	698
Other purchased services	1,300		1,300		1,300
General supplies	24,600		24,600	12,228	12,372
Total vocational programs - local- instruction	150,271	1,241	151,512	137,142	14,370
School-Sponsored Cocurricular Activities:					
Salaries	514,976	(6,499)	508,477	469,426	39,051
Purchased services	9,640		9,640	5,332	4,308
Supplies and materials	37,622	786	38,408	26,316	12,092
Other objects	88,400	18,245	106,645	95,333	11,312
Total school-sponsored cocurricular activities	650,638	12,532	663,170	596,407	66,763

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
School-Sponsored Athletics - Instruction:					
Salaries	\$ 1,405,830	\$ 6,499	\$ 1,412,329	\$ 1,412,329	
Purchased services	124,190	9,476	133,666	95,013	\$ 38,653
Supplies and materials	228,000	(6,751)	221,249	197,178	24,071
Other objects	120,825	2,362	123,187	111,421	11,766
Transfers to cover deficit (Agency funds)	100,000		100,000	93,140	6,860
Total school-sponsored athletics - instruction	1,978,845	11,586	1,990,431	1,909,081	81,350
Total Instruction	66,360,574	(904,585)	65,455,989	64,333,410	1,122,579
Undistributed Instruction:					
Tuition to other LEAs within the state-regular	15,275	1,480	16,755	16,755	
Tuition to other LEAs within the state-special	667,964	40,105	708,069	675,925	32,144
Tuition to county voc. school dist.-regular	3,398,382	27,062	3,425,444	3,422,965	2,479
Tuition to county voc. school dist.-special		9,850	9,850	5,968	3,882
Tuition to CSSD and regional day schools	121,974	78,103	200,077	199,118	959
Tuition to private school for the disabled - within state	4,691,037	(309,306)	4,381,731	4,174,854	206,877
Tuition - state facilities	40,270		40,270	40,270	
Total undistributed instruction	8,934,902	(152,706)	8,782,196	8,535,855	246,341
Attendance and Social Work:					
Salaries	109,742		109,742	109,742	
Total attendance and social work	109,742		109,742	109,742	
Health Services:					
Salaries	1,475,339	(37,126)	1,438,213	1,383,535	54,678
Purchased professional and technical services	81,000	4,000	85,000	81,755	3,245
Other purchased services	5,400		5,400	790	4,610
Supplies and materials	27,100	(1,225)	25,875	15,098	10,777
Other objects	9,203	(4,000)	5,203	3,555	1,648
Total health services	1,598,042	(38,351)	1,559,691	1,484,733	74,958
Other Support Services-Speech, OT, PT & Related Services:					
Salaries	3,273,289	(16,568)	3,256,721	3,256,721	
Purchased professional - educational services	366,000	307,726	673,726	578,494	95,232
Supplies and materials	53,300	(23,000)	30,300	26,873	3,427
Total other support services-speech, OT, PT & related services	3,692,589	268,158	3,960,747	3,862,088	98,659

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed Expenditures (continued):					
Other support services - students - extra services:					
Salaries	\$ 4,758,930	\$ (46,560)	\$ 4,712,370	\$ 4,712,370	
Purchased professional - educational services	200,000	215,657	415,657	415,657	
Total other support services - students - extra services	4,958,930	169,097	5,128,027	5,128,027	
Guidance:					
Salaries of other professional staff	2,921,683	(50,836)	2,870,847	2,870,847	
Salaries of secretarial and clerical assistants	323,550	195	323,745	323,745	
Purchased professional - educational services	34,737	(7,381)	27,356	27,356	
Supplies and materials	5,140	4	5,144	2,961	\$ 2,183
Total guidance	3,285,110	(58,018)	3,227,092	3,224,909	2,183
Child Study Teams:					
Salaries of other professional staff	3,475,669	27,771	3,503,440	3,503,440	
Purchased Professional - Educational Services	76,000	(10,427)	65,573	59,131	6,442
Other purchased professional and technical services	28,353		28,353	28,352	1
Other purchased services	125,000	(41,411)	83,589	73,827	9,762
Supplies and materials	24,000		24,000	10,277	13,723
Other objects	3,050		3,050	2,300	750
Total child study teams	3,732,072	(24,067)	3,708,005	3,677,327	30,678
Improvement of Instructional Services:					
Salaries of supervisor of instruction	1,547,245	420	1,547,665	1,547,665	
Sal of secr & clerical assist.	473,488	615	474,103	474,103	
Purchased professional educational services	4,000	(4,000)			
Other purchased services	25,000	1,777	26,777	19,546	7,231
Supplies & materials	6,500		6,500	5,608	892
Other objects	29,100		29,100	23,509	5,591
Total improvement of instructional services	2,085,333	(1,188)	2,084,145	2,070,431	13,714
Educational Media Services/School Library:					
Salaries	1,629,166		1,629,166	1,567,917	61,249
Purchased professional and technical services	75,698	(6,304)	69,394	69,232	162
Other purchased services	1,200	(1,001)	199		199
Supplies and materials	157,375	(17,955)	139,420	125,787	13,633
Other objects	650		650	560	90
Total educational media services/school library	1,864,089	(25,260)	1,838,829	1,763,496	75,333

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Instructional Staff Training Services:					
Salaries of other professional staff	\$ 79,000	\$ (16,175)	\$ 62,825	\$ 58,569	\$ 4,256
Purchased professional - educational services	35,000	9,760	44,760	37,585	7,175
Other purchased services	107,180	(8,865)	98,315	34,325	63,990
Supplies and materials	2,500	1,860	4,360	3,821	539
Other objects	4,800		4,800	4,300	500
Total instructional staff training services	228,480	(13,420)	215,060	138,600	76,460
Support Services-General Administration:					
Salaries	670,108	18,441	688,549	688,549	
Legal Services	235,000		235,000	157,376	77,624
Audit Fees	87,602	85,900	173,502	85,900	87,602
Communications / telephone	478,498	5,650	484,148	465,393	18,755
BOE other purchased services	14,300		14,300	3,000	11,300
Other purchased services	4,650	(2,005)	2,645	2,645	
General supplies	6,000	(4,156)	1,844	977	867
BOE in-house training/meeting supplies	35,000	4,200	39,200	31,296	7,904
Judgments against the school district	150,000		150,000	83,682	66,318
Miscellaneous expenditures	6,200		6,200	4,321	1,879
BOE membership and dues	27,000		27,000	26,663	337
Total support services-general administration	1,714,358	108,030	1,822,388	1,549,802	272,586
Support Services-School Administration:					
Salaries of principals/assistant principals	3,474,378	90,967	3,565,345	3,563,845	1,500
Salaries of other professional staff	354,448		354,448	354,448	
Salaries of secretarial and clerical assistants	1,397,364	39,639	1,437,003	1,430,917	6,086
Purchased professional and technical services	33,000	(20,924)	12,076	12,076	
Other purchased services	53,500	(345)	53,155	19,366	33,789
Supplies and materials	33,732	(2,649)	31,083	22,783	8,300
Other objects	43,000		43,000	31,318	11,682
Total support services-school administration	5,389,422	106,688	5,496,110	5,434,753	61,357
Support Services - Central Services:					
Salaries	1,556,770	(1,312)	1,555,458	1,543,206	12,252
Purchased professional services	43,401	11,792	55,193	54,660	533
Purchased technical services	8,120		8,120	7,021	1,099
Miscellaneous purchased services	251,935	(259)	251,676	250,123	1,553
Supplies and materials	28,200	14,564	42,764	41,456	1,308
Interest on lease purchase agreements	26,367	(4,506)	21,861	21,861	
Other objects	18,707	(4,200)	14,507	14,232	275
Total support services-central services	1,933,500	16,079	1,949,579	1,932,559	17,020
Support Services - Administration Information Technology:					
Salaries	1,309,236	25,615	1,334,851	1,329,994	4,857
Purchased professional services	460,773	(35,111)	425,662	424,411	1,251
Purchased technical services	21,000		21,000	20,467	533
Other purchased services	436,613	(14,207)	422,406	413,211	9,195
Supplies and materials	50,997	(3,450)	47,547	40,019	7,528
Other objects	9,250	1,342	10,592	10,540	52
Total support services-administration information technology	2,287,869	(25,811)	2,262,058	2,238,642	23,416
Required Maintenance for School Facilities:					
Salaries	1,911,100	(175,196)	1,735,904	1,730,173	5,731
Cleaning, repair and maintenance services	641,939	145,556	787,495	682,963	104,532
General supplies	340,823	61,471	402,294	390,552	11,742
Other objects	55,811	2,654	58,465	58,424	41
Total required maintenance for school facilities	2,949,673	34,485	2,984,158	2,862,112	122,046

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Custodial Services:					
Salaries	\$3,946,294	\$ (223,674)	\$ 3,722,620	\$ 3,722,620	
Salaries of non-instructional aides	1,009,318	(150,948)	858,370	858,370	
Purchased professional and technical services	80,000	(21,426)	58,574	58,574	
Cleaning, repair and maintenance services	22,000	15,205	37,205	36,245	\$ 960
Other purchased property services	300,000	39,859	339,859	339,859	
Insurance	1,104,234		1,104,234	1,082,664	21,570
General supplies	330,400	(49,704)	280,696	277,572	3,124
Energy (electricity, oil, and gas)	1,690,000	745,141	2,435,141	2,339,567	95,574
Interest - energy savings improvement program	162,084		162,084	162,084	
Principal - energy savings improvement program	627,011		627,011	627,011	
Total custodial services	9,271,341	354,453	9,625,794	9,504,566	121,228
Care and Upkeep of Grounds:					
Purchased professional and technical services	206,250	(19,200)	187,050	187,050	
General supplies	49,450	15,270	64,720	64,720	
Total care and upkeep of grounds	255,700	(3,930)	251,770	251,770	
Security:					
Salaries	241,486	12,046	253,532	253,532	
Purchased professional and technical services	400,146	(18,343)	381,803	373,400	8,403
Cleaning, repair and maintenance services	9,865	5,361	15,226	13,476	1,750
General Supplies	35,275	11,722	46,997	34,701	12,296
Total security	686,772	10,786	697,558	675,109	22,449
Total operation of plant	13,163,486	395,794	13,559,280	13,293,557	265,723
Total Undist. Expenditures	54,977,924	725,025	55,702,949	54,444,521	1,258,428
Student Transportation Services:					
Salaries of non-instructional aides	424,816	83,764	508,580	508,390	190
Salaries for pupil transportation:					
Between home and school - regular	225,112	46,606	271,718	271,718	
Between home and school - special	1,102,249	420,849	1,523,098	1,519,319	3,779
Other purchased professional and technical services	17,230	(611)	16,619	16,288	331
Cleaning repair and maintenance services	254,000	(95,456)	158,544	141,384	17,160
Contr serv (bet. Home & Sch) - vendors	3,653,057	1,251,018	4,904,075	4,904,075	
Contr serv (oth than bet. Home & Sch) - vendors	193,700	(186,450)	7,250	7,250	
Contract. Serv. (sp ed stds) - vendors	7,850	(3,079)	4,771	4,265	506
Contract. Serv. (reg. students) - ESCs & CTSA	51,500	144,453	195,953	195,953	
Contract. Serv. (spl. Ed. Students) - ECSs & CTSA	2,346,000	714,538	3,060,538	3,060,538	
Contract. Serv. - aid in lieu pymts -non pub sch	325,000	(88,556)	236,444	236,444	
General supplies	20,900	(6,152)	14,748	9,193	5,555
Other Objects	5,500	(372)	5,128	4,896	232
Total student transportation services	8,626,914	2,280,552	10,907,466	10,879,713	27,753

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Unallocated Benefits - Employee Benefits:					
Group Insurance	\$ 62,950	\$ 863	\$ 63,813	\$ 63,813	
Social security contributions	1,960,000	63,209	2,023,209	2,023,207	\$ 2
Other retirement contributions - PERS	2,176,922	59,041	2,235,963	2,235,963	
Other retirement contributions - regular	179,856	8,493	188,349	188,349	
Workers' compensation	509,091	(5,588)	503,503	503,503	
Health benefits	22,588,412	(2,314,437)	20,273,975	20,158,723	115,252
Tuition reimbursement	425,000		425,000	194,406	230,594
Other employee benefits	1,076,006	18,242	1,094,248	1,076,931	17,317
Total unallocated benefits	28,978,237	(2,170,177)	26,808,060	26,444,895	363,165
On-Behalf Contributions					
On-behalf TPAF Pension Contribution (non-budgeted)				24,104,859	(24,104,859)
On-behalf TPAF Post Retirement Medical contributions (non-budgeted)				6,332,288	(6,332,288)
On-behalf TPAFLong-term Disability Contributions (non-budgeted)				7,668	(7,668)
Reimbursed TPAF social security contributions (non-budgeted)				5,194,489	(5,194,489)
Total on-behalf contributions				35,639,304	(35,639,304)
Total Personal Services - Employee Benefits	28,978,237	(2,170,177)	26,808,060	62,084,199	(35,276,139)
Capital Outlay:					
Interest Deposit to Capital Reserve	5,000	(5,000)			
Equipment:					
Grades 6-8	3,000	9,365	12,365	9,365	3,000
Grades 9-12	115,115	11,179	126,294	106,907	19,387
Multiple Disabilities		4,658	4,658	4,658	
School sponsored and other instructional program		8,071	8,071	8,071	
Undistributed expenditures - admin info tech	204,900	134,660	339,560	339,559	1
Undistributed expenditures - required maint for school facilities	85,662	10,228	95,890	74,139	21,751
Undistributed expenditures - custodial	165,162		165,162	165,152	10
Total equipment	573,839	178,161	752,000	707,851	44,149
Facilities Acquisition and Construction Services:					
Architectural/engineering services	682,700	76,222	758,922	443,270	315,652
Other purchased services	200,000		200,000		200,000
Construction services	4,400,506	5,666,574	10,067,080	2,560,328	7,506,752
Non-budgeted - capital leases				1,000,000	(1,000,000)
Lease purchase agreements - principal	983,259		983,259	973,885	9,374
Assessment for Debt Service on SDA Funding	46,633		46,633	46,633	
Total facilities and construction services	6,313,098	5,742,796	12,055,894	5,024,116	7,031,778
Total Expenditures - Capital Outlay	6,891,937	5,915,957	12,807,894	5,731,967	7,075,927

Parsippany-Troy Hills School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Transfer of funds to charter schools	\$ 436,698	\$ 224,222	\$ 660,920	\$ 660,920	
Total Expenditures	166,272,284	6,070,994	172,343,278	198,134,730	\$ (26,791,452)
(Deficiency) excess of revenues (under) over expenditures	(7,437,169)	(6,070,994)	(13,508,163)	(1,733,137)	11,775,026
Other financing sources:					
Assets acquired under capital lease (non-budgeted)				1,000,000	1,000,000
Total other financing sources				1,000,000	1,000,000
(Deficiency) excess of revenues (under) over expenditures and other financing sources	(7,437,169)	(6,070,994)	(13,508,163)	(733,137)	12,775,026
Fund balances, July 1	34,726,254		34,726,254	34,726,254	
Fund balances, June 30	<u>\$ 27,289,085</u>	<u>\$ (6,070,994)</u>	<u>\$ 21,218,091</u>	<u>\$ 33,993,117</u>	<u>\$ 12,775,026</u>
Recapitulation of (deficiency) excess of revenues (under) over expenditures					
Budgeted fund balance	\$ (7,437,169)		\$ (7,437,169)	\$ 1,337,857	\$ 8,775,026
Adjustment for prior year encumbrances		\$ (2,070,994)	(2,070,994)	(2,070,994)	
Net decrease in capital reserve		(4,000,000)	(4,000,000)		4,000,000
Total	<u>\$ (7,437,169)</u>	<u>\$ (6,070,994)</u>	<u>\$ (13,508,163)</u>	<u>\$ (733,137)</u>	<u>\$ 12,775,026</u>
Recapitulation of fund balance:					
Capital reserve account - restricted				\$ 6,029,845	
Excess fund balance - current year - restricted				3,816,284	
Prior year - excess fund balance designated for subsequent expenditures - restricted				7,515,949	
Restricted for Unemployment compensation				1,715,833	
Designated for Subsequent Year's Expenditures - assigned				4,614,488	
Year end encumbrances - assigned				5,297,617	
Unassigned				5,003,101	
				<u>33,993,117</u>	
Reconciliation to Governmental Funds statements (GAAP):					
Last state aid payments not recognized on GAAP basis				(885,780)	
Fund balance per Governmental Funds (GAAP)				<u>\$ 33,107,337</u>	

Parsippany-Troy Hills School District
Special Revenue Fund

Required Supplementary Information
Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
State sources	\$ 191,051	\$ 187,476	\$ 378,527	\$ 340,303	\$ (38,224)
Federal sources	5,811,631	1,446,707	7,258,338	5,636,491	(1,621,847)
Local sources	485,015	(430,532)	54,483	776,041	721,558
Total revenues	6,487,697	1,203,651	7,691,348	6,752,835	(938,513)
Expenditures:					
Instruction:					
Salaries of teachers	1,061,301	76,036	1,137,337	639,112	498,225
Purchased professional & technical services	300,000		300,000	202,550	97,450
Other purchased services	94,731		94,731	84,823	9,908
Tuition	1,603,395	(1,666)	1,601,729	1,583,580	18,149
General supplies	284,402	88,449	372,851	198,775	174,076
Textbooks	17,160		17,160	16,830	330
Other objects	5,414	(662)	4,752	4,752	
Total instruction	3,366,403	162,157	3,528,560	2,730,422	798,138
Undistributed:					
Support services:					
Salaries of other professional staff	489,007	205,946	694,953	261,121	433,832
Personal services—employee benefits	263,153	148,163	411,316	283,293	128,023
Purchased professional educational services	601,655	(292,758)	308,897	276,400	32,497
Other purchased professional services	1,460,570	713,097	2,173,667	2,154,000	19,667
Other purchased services	150,873	(15,380)	135,493	46,025	89,468
Supplies and materials	156,036	(36,176)	119,860	95,722	24,138
Scholarships				29,600	(29,600)
Student Activities				702,826	(702,826)
Total support services	3,121,294	722,892	3,844,186	3,848,987	(4,801)
Capital outlay:					
Facilities acquisition and construction services:					
Noninstructional equipment		318,602	318,602	169,356	149,246
Total capital outlay	-	318,602	318,602	169,356	149,246
Total expenditures	6,487,697	1,203,651	7,691,348	6,748,765	942,583
Excess of revenues over expenditures	\$ -	\$ -	\$ -	4,070	\$ 4,070
Fund Balance, July 1				526,903	
Fund Balance, June 30				<u>\$ 530,973</u>	
Recapitulation:					
Restricted:					
Scholarships				\$ 60,128	
Student Activities				470,845	
Total Fund Balance				<u>\$ 530,973</u>	

Parsippany-Troy Hills School District
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2023

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 196,401,593	\$ 6,752,835
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		200,150
Current year		(1,311,979)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	741,398	
Current year	(885,780)	
<hr/>		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u>\$ 196,257,211</u>	<u>\$ 5,641,006</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 198,134,730	\$ 6,748,765
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		200,150
Current year		(1,311,979)
<hr/>		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 198,134,730</u>	<u>\$ 5,636,936</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, 2023

	Local Grants	Student Activities	Scholarship	Nonpublic Aid	
				Corrective Speech	Examination & Classification
Revenues:					
State sources				\$ 2,790	\$ 23,312
Federal sources					
Local sources	\$ 39,545	\$ 709,186	\$ 27,310		
Total revenues	\$ 39,545	\$ 709,186	\$ 27,310	\$ 2,790	\$ 23,312
Expenditures:					
Instruction:					
Salaries of teachers					
Purchased professional & technical services				\$ 2,790	\$ 19,892
Other purchased services	\$ 11,891				
Tuition					
General supplies	27,654				
Textbooks					
Other objects					
Total instruction	39,545			2,790	19,892
Undistributed:					
Support services:					
Salaries of other professional staff					
Personal services—employee benefits					
Purchased professional educational services					3,420
Purchased property services					
Other purchased services					
Supplies and materials					
Scholarships			\$ 29,600		
Student Activities		\$ 702,826			
Total support services		702,826	29,600		3,420
Capital outlay:					
Facilities acquisition and construction services:					
Noninstructional equipment					
Total capital outlay					
Total expenditures	\$ 39,545	702,826	29,600	\$ 2,790	\$ 23,312
Excess (deficiency) of revenues over (under) expenditures	-	6,360	(2,290)	-	-
Fund Balance, July 1		464,485	62,418		
Fund Balance, June 30	\$ -	\$ 470,845	\$ 60,128	\$ -	\$ -

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2023

	Nonpublic Aid				
	Supplementary Instruction	Compensatory Education	Security Aid	Nursing Aid	Textbook Aid
Revenues:					
State sources	\$ 15,116	\$ 28,562	\$ 44,324	\$ 29,120	\$ 16,830
Federal sources					
Local sources					
Total revenues	<u>\$ 15,116</u>	<u>\$ 28,562</u>	<u>\$ 44,324</u>	<u>\$ 29,120</u>	<u>\$ 16,830</u>
Expenditures:					
Instruction:					
Salaries of teachers					
Purchased professional & technical services	\$ 15,116	\$ 28,562			
Other purchased services					
Tuition					
General supplies					
Textbooks					\$ 16,830
Other objects					
Total instruction	<u>15,116</u>	<u>28,562</u>			<u>16,830</u>
Undistributed:					
Support services:					
Salaries of other professional staff					
Personal services—employee benefits					
Purchased professional educational services			\$ 44,324	\$ 29,120	
Purchased property services					
Other purchased services					
Supplies and materials					
Scholarships					
Student Activities					
Total support services			<u>44,324</u>	<u>29,120</u>	
Capital outlay:					
Facilities acquisition and construction services:					
Noninstructional equipment					
Total capital outlay					
Total expenditures	<u>\$ 15,116</u>	<u>\$ 28,562</u>	<u>\$ 44,324</u>	<u>\$ 29,120</u>	<u>\$ 16,830</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund Balance, July 1					
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2023

	Nonpublic Aid Technology Aid	SDA Emergent Projects	Title I, Part A	Title II, Part A
Revenues:				
State sources	\$ 10,893	\$ 169,356		
Federal sources			\$ 302,481	\$ 102,296
Local sources				
Total revenues	\$ 10,893	\$ 169,356	\$ 302,481	\$ 102,296
Expenditures:				
Instruction:				
Salaries of teachers			\$ 208,933	
Purchased professional & technical services				
Other purchased services				
Tuition				
General supplies	\$ 10,893		1,618	
Textbooks				
Other objects				
Total instruction	10,893		210,551	
Undistributed:				
Support services:				
Salaries of other professional staff				
Personal services—employee benefits			91,370	
Purchased professional educational services			560	\$ 97,900
Purchased property services				
Other purchased services				4,058
Supplies and materials				338
Scholarships				
Student Activities				
Total support services			91,930	102,296
Capital outlay:				
Facilities acquisition and construction services:				
Noninstructional equipment		\$ 169,356		
Total capital outlay		169,356		
Total expenditures	\$ 10,893	\$ 169,356	\$ 302,481	\$ 102,296
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund Balance, July 1				
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2023

	Title III	Title IV	I.D.E.A.	
			Part B Basic	Preschool
Revenues:				
State sources				
Federal sources	\$ 95,954	\$ 33,957	\$ 1,750,745	\$ 69,653
Local sources				
Total revenues	\$ 95,954	\$ 33,957	\$ 1,750,745	\$ 69,653
Expenditures:				
Instruction:				
Salaries of teachers	\$ 56,596		\$ 134,343	
Purchased professional & technical services				
Other purchased services				
Tuition			1,359,065	\$ 69,653
General supplies	10,909	\$ 33,957	36,141	
Textbooks				
Other objects	1,250		3,502	
Total instruction	68,755	33,957	1,533,051	69,653
Undistributed:				
Support services:				
Salaries of other professional staff	25,885		16,500	
Personal services—employee benefits			11,540	
Purchased professional educational services			100,051	
Purchased property services				
Other purchased services	825		24,568	
Supplies and materials	489		65,035	
Scholarships				
Student Activities				
Total support services	27,199		217,694	
Capital outlay:				
Facilities acquisition and construction services:				
Noninstructional equipment				
Total capital outlay				
Total expenditures	\$ 95,954	\$ 33,957	\$ 1,750,745	\$ 69,653
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund Balance, July 1				
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2023

	COVID-19 ARP I.D.E.A.		COVID-19 Coronavirus State and Local Fiscal Recovery Funds	COVID-19 ESSER II	COVID-19 ESSER II Learning Acceleration
	Part B		ACSERS	ESSER II	Acceleration
	Basic	Preschool			
Revenues:					
State sources					
Federal sources	\$ 180	\$ 6,066	\$ 348,669	\$ 424,656	\$ 12,396
Local sources					
Total revenues	<u>\$ 180</u>	<u>\$ 6,066</u>	<u>\$ 348,669</u>	<u>\$ 424,656</u>	<u>\$ 12,396</u>
Expenditures:					
Instruction:					
Salaries of teachers			\$ 14,833	\$ 221,004	
Purchased professional & technical services			136,190		
Other purchased services			72,932		
Tuition	\$ 180	\$ 6,066	124,714	23,902	
General supplies				75,650	
Textbooks					
Other objects					
Total instruction	<u>180</u>	<u>6,066</u>	<u>348,669</u>	<u>320,556</u>	
Undistributed:					
Support services:					
Salaries of other professional staff				5,226	
Personal services—employee benefits				67,372	
Purchased professional educational services					
Purchased property services					
Other purchased services					\$ 12,396
Supplies and materials				31,502	
Scholarships					
Student Activities					
Total support services				<u>104,100</u>	<u>12,396</u>
Capital outlay:					
Facilities acquisition and construction services:					
Noninstructional equipment					
Total capital outlay					
Total expenditures	<u>\$ 180</u>	<u>\$ 6,066</u>	<u>\$ 348,669</u>	<u>\$ 424,656</u>	<u>\$ 12,396</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund Balance, July 1					
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Parsippany-Troy Hills School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2023

	COVID-19 ESSER II Mental Health	COVID-19 ARP ESSER	COVID-19 ARP ESSER Accelerated Learning Coaching	COVID-19 ARP ESSER Beyond the School Day	Total
Revenues:					
State sources					\$ 340,303
Federal sources	\$ 5,514	\$ 2,154,000	\$ 326,521	\$ 3,403	5,636,491
Local sources					776,041
Total revenues	\$ 5,514	\$ 2,154,000	\$ 326,521	\$ 3,403	\$ 6,752,835
Expenditures:					
Instruction:					
Salaries of teachers				\$ 3,403	\$ 639,112
Purchased professional & technical services					202,550
Other purchased services					84,823
Tuition					1,583,580
General supplies					198,775
Textbooks					16,830
Other objects					4,752
Total instruction				3,403	2,730,422
Undistributed:					
Support services:					
Salaries of other professional staff			\$ 213,510		261,121
Personal services—employee benefits			113,011		283,293
Purchased professional educational services	\$ 1,025				276,400
Purchased property services		\$ 2,154,000			2,154,000
Other purchased services	4,178				46,025
Supplies and materials	311				95,722
Scholarships					29,600
Student Activities					702,826
Total support services	5,514	2,154,000	326,521		3,848,987
Capital outlay:					
Facilities acquisition and construction services:					
Noninstructional equipment					169,356
Total capital outlay					169,356
Total expenditures	\$ 5,514	\$ 2,154,000	\$ 326,521	\$ 3,403	\$ 6,748,765
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	4,070
Fund Balance, July 1					526,903
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ 530,973

Long-Term Debt

Parsippany-Troy Hills School District
 Long-Term Debt

Schedule of Serial Bonds Payable

Year Ended June 30, 2023

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2023			Interest Rate	Balance June 30, 2022	Retired	Balance June 30, 2023
			Date	Amount					
2014 Refunding Bonds	4/24/14	\$ 19,715,000	8/15/23	\$ 2,250,000	5.000%	\$ 9,010,000	\$ 2,240,000	\$ 6,770,000	
			8/15/24	2,255,000	5.000%				
			8/15/25	2,265,000	5.000%				
2015 Refunding Bonds	2/26/15	12,025,000	8/15/26	2,070,000	5.000%	12,025,000	2,240,000	12,025,000	
			8/15/27	2,070,000	5.000%				
			8/15/28	2,070,000	5.000%				
			8/15/29	2,065,000	5.000%				
			8/15/30	2,060,000	5.000%				
			8/15/31	1,690,000	5.000%				
						<u>12,025,000</u>		<u>12,025,000</u>	
						<u>\$ 21,035,000</u>	<u>\$ 2,240,000</u>	<u>\$ 18,795,000</u>	

Parsippany-Troy Hills School District
Long-Term Debt

Schedule of Financed Purchases Payable

Year ended June 30, 2023

Purpose	Interest Rate	Amount of Original Issue	Balance July 1, 2022	Issued	Paid	Balance June 30, 2023
Equipment	2.961%	\$ 498,500	\$ 104,669		\$ 104,669	
Equipment	2.403%	359,500	145,737		72,003	\$ 73,734
Equipment	1.197%	1,000,000	463,554		270,028	193,526
Energy Savings Improvement Plan	1.785%	9,502,079	9,234,441		627,011	8,607,430
Equipment	0.845%	483,013	321,434		160,041	161,393
Equipment	1.090%	516,987	412,631		101,486	311,145
Equipment	2.898%	574,315		\$ 574,315	120,388	453,927
Equipment	2.898%	425,685		425,685	145,269	280,416
			<u>\$ 10,682,466</u>	<u>\$ 1,000,000</u>	<u>\$ 1,600,895</u>	<u>\$ 10,081,571</u>

Parsippany-Troy Hills School District
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2023

	<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	\$ 2,687,528		\$ 2,687,528	\$ 2,687,528	
State sources:					
Debt service aid type II	548,222		548,222	548,222	
Total revenues	<u>3,235,750</u>		<u>3,235,750</u>	<u>3,235,750</u>	
Expenditures:					
Principal on bonds	2,240,000		2,240,000	2,240,000	
Interest on bonds	995,750		995,750	995,750	
Total expenditures	<u>3,235,750</u>		<u>3,235,750</u>	<u>3,235,750</u>	
Fund balance, July 1	-	-	-	-	-
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Statistical Section

(Unaudited)

Statistical Section Unaudited

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 11,372,718	\$ 18,025,158	\$ 22,246,363	\$ 24,712,844	\$ 24,714,210	\$ 25,293,312	\$ 28,598,314	\$ 28,534,499	\$ 31,637,673	\$ 34,776,141
Restricted	10,621,377	10,500,851	5,164,320	4,983,274	10,604,331	12,627,452	15,610,702	21,634,263	23,983,581	19,608,884
Unrestricted (deficit)	4,000,475	(37,452,068)	(38,481,590)	(42,284,433)	(44,137,710)	(43,317,186)	(40,782,764)	(33,357,058)	(26,229,170)	(18,057,838)
Total governmental activities net position	<u>\$ 25,994,570</u>	<u>\$ (8,926,059)</u>	<u>\$ (11,070,907)</u>	<u>\$ (12,588,315)</u>	<u>\$ (8,819,169)</u>	<u>\$ (5,396,422)</u>	<u>\$ 3,426,252</u>	<u>\$ 16,811,704</u>	<u>\$ 29,392,084</u>	<u>\$ 36,327,187</u>
Business-type activities										
Investment in capital assets	\$ 520,820	\$ 568,799	\$ 608,450	\$ 556,348	\$ 504,052	\$ 679,063	\$ 613,075	\$ 613,454	\$ 908,823	\$ 1,028,250
Unrestricted	307,418	1,118,984	1,543,153	998,484	851,043	666,524	574,139	1,662,960	3,494,282	3,829,247
Total business-type activities net position	<u>\$ 828,238</u>	<u>\$ 1,687,783</u>	<u>\$ 2,151,603</u>	<u>\$ 1,554,832</u>	<u>\$ 1,355,095</u>	<u>\$ 1,345,587</u>	<u>\$ 1,187,214</u>	<u>\$ 2,276,414</u>	<u>\$ 4,403,105</u>	<u>\$ 4,857,497</u>
Government-wide										
Net investment in capital assets	\$ 11,893,538	\$ 18,593,957	\$ 22,854,813	\$ 25,269,192	\$ 25,218,262	\$ 25,972,375	\$ 29,211,389	\$ 29,147,953	\$ 32,546,496	\$ 35,804,391
Restricted	10,621,377	10,500,851	5,164,320	4,983,274	10,604,331	12,627,452	15,610,702	21,634,263	23,983,581	19,608,884
Unrestricted (deficit)	4,307,893	(36,333,084)	(36,938,437)	(41,285,949)	(43,286,667)	(42,650,662)	(40,208,625)	(31,694,098)	(22,734,888)	(14,228,591)
Total government-wide net position	<u>\$ 26,822,808</u>	<u>\$ (7,238,276)</u>	<u>\$ (8,919,304)</u>	<u>\$ (11,033,483)</u>	<u>\$ (7,464,074)</u>	<u>\$ (4,050,835)</u>	<u>\$ 4,613,466</u>	<u>\$ 19,088,118</u>	<u>\$ 33,795,189</u>	<u>\$ 41,184,684</u>

Source: ACFR Schedule A-1 and District records.

Note: 2014 was restated in 2015 to reflect a District-wide capital assets appraisal.

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

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

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

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

Unaudited

	Year ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 55,225,305	\$ 60,058,776	\$ 67,327,824	\$ 71,089,105	\$ 68,605,225	\$ 71,152,943	\$ 66,789,159	\$ 75,563,169	\$ 67,544,879	\$ 65,701,318
Special Education	14,182,455	15,759,413	17,544,548	21,551,188	20,373,590	21,959,458	19,956,142	20,739,644	20,882,580	21,800,956
Other Instruction	4,748,278	5,318,379	4,345,044	6,598,537	6,834,339	6,406,742	6,035,740	7,095,575	6,292,412	6,582,434
School Sponsored Instruction	2,780,564	3,148,624	3,611,060	3,829,286	3,900,959	3,907,686	3,353,859	3,685,018	2,871,911	2,829,005
Support Services:										
Tuition	9,133,292	8,927,366	9,723,979	9,043,014	9,778,393	8,553,370	8,835,372	8,124,242	7,885,008	8,535,855
Student & Instruction Related Services	22,698,468	25,166,820	30,173,891	31,256,188	32,322,979	32,688,045	29,689,012	33,685,601	31,162,204	33,261,361
General Administration Services	951,226	987,411	1,365,393	1,369,649	1,349,845	1,656,472	1,649,526	1,868,786	1,701,463	1,859,297
School Administrative Services	7,039,916	7,216,319	7,300,094	8,852,596	8,401,715	8,239,799	7,680,918	8,648,303	7,721,970	7,839,163
Central Services	2,359,078	2,601,763	2,637,523	2,776,339	3,170,089	3,033,442	2,816,366	2,968,965	2,740,332	2,678,510
Administrative Information Technology	894,481	2,010,378	2,417,212	2,621,780	2,728,705	2,789,129	2,644,924	2,832,071	2,567,380	2,836,459
Plant Operations & Maintenance	11,702,498	14,561,451	15,682,039	15,619,037	16,829,592	16,989,943	15,353,526	15,791,284	15,684,299	15,940,543
Pupil Transportation	7,392,761	7,799,413	7,879,781	9,203,411	9,171,316	9,485,379	9,093,696	8,585,659	9,947,638	12,335,543
Other Instruction								461,018	579,334	739,426
Special Schools	1,780,943	1,666								
Charter School	385,109	343,519	338,426	259,712	231,982	460,411	484,183	2,596,352	1,951,843	660,920
Interest on long-term debt	1,721,809	2,048,389	1,118,186	1,245,936	1,210,147	1,139,716	1,368,946	466,796	471,896	961,976
Total governmental activities expenses	142,996,183	155,949,687	171,465,000	185,315,778	184,908,876	188,462,535	175,751,369	193,112,483	180,005,149	184,562,766
Business-type activities:										
Food service	2,195,791	2,474,470	2,529,796	2,562,331	2,703,009	2,799,300	2,194,337	2,268,121	4,482,320	3,214,796
Adult and community education		2,015,253	2,103,524	2,691,092	2,815,472	2,750,949	2,010,833	939,246	1,580,998	1,856,510
Total business-type activities expense	2,195,791	4,489,723	4,633,320	5,253,423	5,518,481	5,550,249	4,205,170	3,207,367	6,063,318	5,071,306
Total district expenses	\$ 145,191,974	\$ 160,439,410	\$ 176,098,320	\$ 190,569,201	\$ 190,427,357	\$ 194,012,784	\$ 179,956,539	\$ 196,319,850	\$ 186,068,467	\$ 189,634,072
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition	\$ 288,409	\$ 216,116	\$ 281,529	\$ 339,572	\$ 232,372	\$ 234,061	\$ 187,399	\$ 484,806	\$ 870,704	\$ 1,027,914
Special Schools	2,023,902									
Operating grants and contributions	2,087,374	2,191,240	2,788,827	2,152,592	2,505,444	2,605,991	2,378,051	3,176,384	3,346,112	4,733,641
Capital grants and contributions	407,602	349,442		250,000				56,704	25,570	168,097
Total governmental activities program revenues	\$ 4,807,287	\$ 2,756,798	\$ 3,070,356	\$ 2,742,164	\$ 2,737,816	\$ 2,840,052	\$ 2,565,450	\$ 3,717,894	\$ 4,242,386	\$ 5,929,652
Business-Type Activities										
Charges for services:										
Food Service	\$ 1,684,107	\$ 1,772,352	\$ 1,748,269	\$ 1,872,086	\$ 1,912,129	\$ 2,105,671	\$ 1,404,546	\$ 55,856	\$ 237,088	\$ 2,046,460
Adult and community education		2,878,501	2,609,041	1,979,086	2,598,898	2,600,049	1,873,003	264,612	1,369,007	1,924,362
Operating grants and contributions	625,454	698,415	739,830	805,480	807,718	835,020	769,248	3,452,920	6,371,923	1,554,876
Total governmental activities program revenues	\$ 2,309,561	\$ 5,349,268	\$ 5,097,140	\$ 4,656,652	\$ 5,318,745	\$ 5,540,740	\$ 4,046,797	\$ 3,773,388	\$ 7,978,018	\$ 5,525,698
Total District Program Revenues	\$ 7,116,848	\$ 8,106,066	\$ 8,167,496	\$ 7,398,816	\$ 8,056,561	\$ 8,380,792	\$ 6,612,247	\$ 7,491,282	\$ 12,220,404	\$ 11,455,350
Net (Expense)/Revenue Governmental Activities	\$ (138,188,896)	\$ (153,192,889)	\$ (168,394,644)	\$ (182,573,614)	\$ (182,171,060)	\$ (185,622,483)	\$ (173,185,919)	\$ (189,394,589)	\$ (175,762,763)	\$ (178,633,114)
Business-Type Activities	113,770	859,545	463,820	(596,771)	(199,736)	(9,509)	(158,373)	566,021	1,914,700	454,392
Total District-Wide Net Position	\$ (138,075,126)	\$ (152,333,344)	\$ (167,930,824)	\$ (183,170,385)	\$ (182,370,796)	\$ (185,631,992)	\$ (173,344,292)	\$ (188,828,568)	\$ (173,848,063)	\$ (178,178,722)

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

Unaudited

	Year ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Property Taxes Levied for General Purpos-	\$ 120,740,876	\$ 122,152,214	\$ 125,598,736	\$ 128,110,712	\$ 132,215,563	\$ 135,975,887	\$ 139,800,994	\$ 142,597,014	\$ 145,543,054	\$ 148,453,915
Taxes Levied for Debt Service	2,511,028	2,784,536	2,788,077	2,789,167	2,802,133	2,805,531	2,813,027	2,816,017	2,771,250	2,687,528
Federal and State Aid not Restricted	16,374,275	31,151,966	37,599,051	49,505,740	51,706,779	49,634,071	38,987,098	55,132,162	39,965,627	33,847,019
Investment Earnings	13,816	693	2,990	7,070	17,278	54,977	42,701	14,358	29,236	341,782
Miscellaneous Income	654,483	105,326	260,942	643,517	880,990	574,764	364,773	270,705	245,967	237,973
Transfers	(2,069)							(523,179)	(211,991)	
Total Governmental Activities	140,292,409	156,194,735	166,249,796	181,056,206	187,622,743	189,045,230	182,008,593	200,307,077	188,343,143	185,568,217
Business-Type Activities:										
Transfers	2,069							523,179	211,991	
Total Business-Type Activities	2,069	-	-	-	-	-	-	523,179	211,991	-
Total District-Wide	\$ 140,294,478	\$ 156,194,735	\$ 166,249,796	\$ 181,056,206	\$ 187,622,743	\$ 189,045,230	\$ 182,008,593	\$ 200,830,256	\$ 188,555,134	\$ 185,568,217
Change in Net Position:										
Governmental Activities	\$ 2,103,513	\$ 3,001,846	\$ (2,144,848)	\$ (1,517,408)	\$ 5,451,683	\$ 3,422,747	\$ 8,822,674	\$ 10,912,488	\$ 12,580,380	\$ 6,935,103
Business-Type Activities	115,839	859,545	463,820	(596,771)	(199,736)	(9,509)	(158,373)	1,089,200	2,126,691	454,392
Total District	\$ 2,219,352	\$ 3,861,391	\$ (1,681,028)	\$ (2,114,179)	\$ 5,251,947	\$ 3,413,238	\$ 8,664,301	\$ 12,001,688	\$ 14,707,071	\$ 7,389,495

Source: District records

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

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

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

Unaudited

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ 9,713,770	\$ 10,164,659	\$ 4,828,128	\$ 4,689,221	\$ 10,604,331	\$ 12,627,452	\$ 15,610,702	\$ 21,108,270	\$ 23,456,678	\$ 19,077,911
Assigned	3,633,704	3,205,980	3,802,392	3,246,177	646,579	377,755	1,531,313	2,699,353	3,329,722	9,912,105
Unassigned	2,759,671	2,685,084	2,449,794	2,314,752	3,358,575	3,586,217	3,457,890	7,068,232	7,198,456	4,117,321
Total general fund	<u>\$ 16,107,145</u>	<u>\$ 16,055,723</u>	<u>\$ 11,080,314</u>	<u>\$ 10,250,150</u>	<u>\$ 14,609,485</u>	<u>\$ 16,591,424</u>	<u>\$ 20,599,905</u>	<u>\$ 30,875,855</u>	<u>\$ 33,984,856</u>	<u>\$ 33,107,337</u>
All Other Governmental Funds										
Restricted - capital projects fund	\$ 12,100,903	\$ 3,147,328	\$ 373,501	\$ 296,122	\$ 1,516					
Restricted - special revenue fund*								\$ 525,963	\$ 526,903	\$ 530,973
Total all other governmental funds	<u>\$ 12,100,903</u>	<u>\$ 3,147,328</u>	<u>\$ 373,501</u>	<u>\$ 296,122</u>	<u>\$ 1,516</u>			<u>\$ 525,963</u>	<u>\$ 526,903</u>	<u>\$ 530,973</u>
Total All Funds	<u>\$ 28,208,048</u>	<u>\$ 19,203,051</u>	<u>\$ 11,453,815</u>	<u>\$ 10,546,272</u>	<u>\$ 14,611,001</u>	<u>\$ 16,591,424</u>	<u>\$ 20,599,905</u>	<u>\$ 31,401,818</u>	<u>\$ 34,511,759</u>	<u>\$ 33,638,310</u>

Source: ACFR Schedule B-1 and District records.

* 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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	\$ 123,251,904	\$ 124,936,750	\$ 128,386,814	\$ 130,899,879	\$ 135,017,696	\$ 138,781,418	\$ 142,614,021	\$ 145,413,031	\$ 148,314,304	\$ 151,141,443
Interest Earned	5,000	641	2,990	7,070	17,278	54,977	42,701	14,358	29,236	318,728
Miscellaneous	2,992,863	360,040	567,041	1,002,520	1,141,118	828,047	563,388	761,391	1,134,351	1,355,118
State sources	16,888,358	18,479,058	20,547,750	22,816,589	25,491,638	29,062,953	30,330,424	36,420,693	45,544,529	47,710,981
Federal sources	1,963,640	2,101,583	2,678,852	2,267,535	2,302,073	2,393,553	2,221,424	3,129,650	3,255,256	4,607,697
Total revenue	145,101,765	145,878,072	152,183,447	156,993,593	163,969,803	171,120,948	175,771,958	185,739,123	198,277,676	205,133,967
Expenditures										
Instruction										
Regular instruction	38,751,056	37,702,859	40,039,248	39,263,178	38,322,588	40,380,859	41,436,398	43,251,947	44,679,224	45,028,417
Special Education Instruction	10,061,739	10,152,000	10,899,360	12,415,890	11,834,645	13,046,077	12,880,743	12,767,391	14,372,033	15,527,197
Other Instruction	3,301,429	3,288,987	3,412,509	3,553,680	3,706,079	4,027,670	3,655,248	3,938,604	4,224,457	4,609,933
School-Sponsored Instruction	2,079,676	2,125,281	2,341,778	2,317,783	2,358,893	1,830,049	2,226,562	2,246,672	1,871,415	1,909,081
Support Services:										
Tuition	9,217,629	8,927,366	9,719,962	9,042,358	9,777,529	8,553,370	8,835,372	8,124,508	7,885,580	8,535,855
Student Service	12,626,735	11,917,449	12,718,187	13,616,939	14,930,575	15,321,078	15,216,257	15,979,910	16,927,509	19,475,021
Student & Instruction Related Service	3,906,220	4,480,159	6,298,685	4,496,247	3,614,699	3,979,637	3,749,927	3,659,194	3,911,384	3,972,527
General Administration	860,115	793,255	1,091,645	959,859	972,171	1,254,622	1,290,340	1,393,074	1,369,705	1,549,802
School Administration	5,092,002	4,622,005	4,410,527	4,907,815	4,726,857	4,726,396	4,789,149	4,930,210	5,129,997	5,434,753
Central Services	1,710,503	1,714,308	1,631,073	1,622,304	1,968,240	1,891,119	1,875,084	1,734,892	1,880,796	1,910,698
Administrative Information Technology	751,374	1,505,088	1,678,728	1,712,591	1,813,103	1,881,983	1,923,977	1,902,347	1,935,957	2,238,642
Plant Operations & Maintenance	9,211,480	10,636,370	11,233,188	12,086,546	11,699,083	11,927,877	10,904,242	10,690,008	12,031,653	12,504,463
Pupil Transportation	6,629,720	6,822,465	6,659,821	7,734,890	7,586,885	7,834,401	7,850,710	7,038,163	8,492,295	10,879,713
Unallocated Benefits	30,156,485	31,330,454	34,681,213	37,088,006	40,496,691	44,615,255	45,807,026	51,449,046	59,612,867	62,084,199
Other								461,018	579,334	739,426
Debt service:										
Principal	1,600,000	3,371,565	1,800,000	1,900,000	1,950,000	2,025,000	2,115,000	2,205,000	3,894,290	3,840,895
Interest	2,030,538	1,507,119	1,557,778	1,495,213	1,424,400	1,354,650	1,271,850	1,185,450	1,382,091	1,179,694
Cost of Issuance		146,300								
Capital outlay	9,339,852	15,184,910	11,791,448	3,868,125	3,490,654	5,010,550	6,442,442	4,452,824	5,298,374	4,926,180
Charter school	385,109	343,519	338,426	259,712	231,982	460,411	484,183	466,796	471,896	660,920
Special Schools	1,721,809	1,666								
Total expenditures	149,433,471	156,573,125	162,303,576	158,341,136	160,905,074	170,121,004	172,754,510	177,877,054	195,950,857	207,007,416
Excess (Deficiency) of revenues over (under) expenditures	(4,331,706)	(10,695,053)	(10,120,129)	(1,347,543)	3,064,729	999,944	3,017,448	7,862,069	2,326,819	(1,873,449)
Other financing sources (uses)										
Financed purchases (non-budgeted)	15,577,899	1,543,756	2,370,893	440,000	1,000,000	980,479	991,033	990,059	995,113	1,000,000
Bond proceeds	19,715,000	12,025,000								
Premium on bonds	2,808,788	2,712,779								
Payment to escrow agent	(22,334,260)	(14,591,479)								
Transfers in	1,612,942	50,052	552	37,212	294,053					
Transfers out	(1,615,011)	(50,052)	(552)	(37,212)	(294,053)			(523,179)	(211,991)	
Total other financing sources (uses)	15,765,358	1,690,056	2,370,893	440,000	1,000,000	980,479	991,033	466,880	783,122	1,000,000
Net change in fund balances	\$ 11,433,652	\$ (9,004,997)	\$ (7,749,236)	\$ (907,543)	\$ 4,064,729	\$ 1,980,423	\$ 4,008,481	\$ 8,328,949	\$ 3,109,941	\$ (873,449)
Debt service as a percentage of noncapital expenditures	2.59%	3.45%	2.23%	2.20%	2.14%	2.05%	2.04%	1.96%	2.77%	2.48%

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
2014	\$ 12,743	\$ 2,312,311	\$ 57,029		\$ 296,302	\$ 2,678,385
2015	641	216,116	39,491		65,835	322,083
2016	2,438	281,529	36,669	\$ 77,501	146,771	544,908
2017	5,554	339,572	44,428	57,832	541,259	988,645
2018	17,278	232,372	63,036	179,965	637,989	1,130,640
2019	54,977	234,061	45,383	144,748	384,633	863,802
2020	42,701	187,399	25,634	157,543	181,596	594,873
2021	14,358	159,024		168,128	102,577	444,087
2022	29,236	294,658	495	61,731	183,741	569,861
2023	341,782	318,728	42,897	69,389	125,687	898,483

Source: District records.

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

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

Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2014	\$ 68,028,800	\$ 4,391,472,200	\$ 326,400	\$ 4,400	\$ 2,053,077,500	\$ 250,009,200	\$ 403,241,700	\$ 7,166,160,200	\$ 576,340,400	\$ 10,643,519	\$ 7,176,803,719	\$ 1.73	\$ 8,489,705,248
2015	67,577,600	4,399,306,700	326,400	8,900	2,045,286,500	244,410,200	403,241,700	7,160,158,000	592,396,100	422,050	7,160,580,050	1.75	8,482,594,479
2016	67,209,400	4,405,575,800	326,400	8,900	2,039,260,500	241,396,100	407,631,100	7,161,408,200	541,694,900	422,000	7,161,830,200	1.77	8,506,908,491
2017	66,696,500	4,412,211,300	326,400	8,900	2,055,900,100	245,653,300	408,131,100	7,188,927,600	534,875,600	415,750	7,189,343,350	1.81	8,645,733,734
2018	75,139,700	4,422,342,000			2,030,709,600	257,430,800	417,871,100	7,203,493,200	563,604,800	418,700	7,203,911,900	1.85	8,584,819,202
2019	66,964,400	4,440,741,500			2,032,704,100	258,224,400	445,301,100	7,243,935,500	573,584,700	417,000	7,244,352,500	1.94	8,686,273,981
2020	61,482,400	4,458,252,200			2,023,686,000	259,014,700	448,441,100	7,250,876,400	592,316,300	415,900	7,251,292,300	1.99	8,716,543,274
2021	59,798,500	4,463,749,800			2,029,258,800	260,592,200	458,049,100	7,271,448,400	593,839,500	411,600	7,271,860,000	2.02	8,833,149,174
2022	53,212,500	4,479,151,900			2,010,952,700	278,259,700	471,686,800	7,293,263,600	600,385,300	404,650	7,293,668,250	2.04	9,011,817,126
2023	94,118,200	4,492,143,500			1,922,269,800	285,030,600	514,059,000	7,307,621,100	602,908,300	383,600	7,308,004,700	2.07	9,525,053,571

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

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

Reassessment occurs when ordered by the County Board of Taxation.

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

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

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

Fiscal Year Ended December 31,	Parsippany Troy Hills Schools			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of Parsippany- Troy Hills	Morris County	
2014	\$ 1.69	\$ 0.04	\$ 1.73	\$ 0.61	\$ 0.30	\$ 2.64
2015	1.71	0.04	1.75	0.62	0.30	2.67
2016	1.73	0.04	1.77	0.63	0.30	2.70
2017	1.77	0.04	1.81	0.66	0.30	2.77
2018	1.81	0.04	1.85	0.66	0.31	2.82
2019	1.90	0.04	1.94	0.68	0.26	2.88
2020	1.95	0.04	1.99	0.68	0.27	2.94
2021	1.98	0.04	2.02	0.83	0.31	3.16
2022	2.00	0.04	2.04	0.83	0.29	3.16
2023	2.03	0.04	2.07	0.82	0.26	3.15

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	2023		Taxpayer	2014	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Knoll Manor, Inc	\$ 72,254,900	0.99%	Knoll Manor Associates	\$ 61,015,400	0.85%
MCC Owner LLC c/o P3 Properties	58,875,100	0.81%	Morris Corporate Ctr HDQ III	58,875,100	0.82%
Monarch Owner c/o P3 Properties	56,160,700	0.77%	State Farm Insurance	58,544,700	0.82%
300 Kimball NJ, LLC	53,044,700	0.73%	Morris Corporate Ctr HDQ I & II	57,660,700	0.80%
Powder Mill Heights	47,831,300	0.65%	Powder Mill Heights	51,831,300	0.72%
Parsippany Gardens, LLC	42,910,000	0.59%	Sylvan/Campus Rlty, LLC	49,101,800	0.68%
Troy Hills Village	42,906,500	0.59%	MCC IV - Phase I, LLC	43,526,900	0.61%
7 Sylvan & 8 Campus LLC Arbor Circle	42,225,000	0.58%	Troy Hills Village	41,506,500	0.58%
2 Gatehall Drive Associates, LLC	40,677,800	0.56%	Well REIT-Mult. State	40,677,800	0.57%
One Campus Drive, LLC	39,352,200	0.54%	GC Net Lease Parsippany	39,807,200	0.55%
Total	<u>\$ 496,238,200</u>	<u>6.79%</u>		<u>\$ 502,547,400</u>	<u>7.00%</u>
Net Assessed Value	<u>\$ 7,308,004,700</u>			<u>\$ 7,176,803,719</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	
2014	\$ 123,251,904	\$ 123,251,904	100.00%	-
2015	124,936,750	124,936,750	100.00%	-
2016	128,386,814	128,386,814	100.00%	-
2017	130,899,879	130,899,879	100.00%	-
2018	135,017,696	135,017,696	100.00%	-
2019	138,781,418	138,781,418	100.00%	-
2020	142,614,021	142,614,021	100.00%	-
2021	145,413,031	145,413,031	100.00%	-
2022	148,314,304	148,314,304	100.00%	-
2023	151,141,443	151,141,443	100.00%	-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^(a)	Per Capita ^(a)
	General Obligation Bonds	Premium	Financed Purchases			
2014	\$ 38,848,000	\$ 2,747,727	\$ 18,567,079	\$ 60,162,806	1.37%	\$ 1,121
2015	35,270,000	5,161,460	18,798,211	59,229,671	1.37%	1,106
2016	33,470,000	4,752,807	18,994,034	57,216,841	1.28%	1,070
2017	31,570,000	4,344,154	16,891,317	52,805,471	1.13%	991
2018	29,620,000	3,935,501	15,204,082	48,759,583	1.03%	917
2019	27,595,000	3,526,848	13,919,333	45,041,181	0.91%	862
2020	25,480,000	3,118,195	11,785,326	40,383,521	0.79%	783
2021	23,275,000	2,709,542	11,336,757	37,321,299	0.72%	727
2022	21,035,000	2,300,889	10,682,466	34,018,355	0.59%	606
2023	18,795,000	1,892,236	10,081,571	30,768,807	0.51%	548

Source: School District Financial Reports

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable ^(a)	Per Capita ^(b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 38,848,000		\$ 38,848,000	0.54%	\$ 1,121
2015	35,270,000	\$ 37,829	35,232,171	0.49%	1,106
2016	33,470,000	37,309	33,432,691	0.47%	1,070
2017	31,570,000	2,069	31,567,931	0.44%	991
2018	29,620,000	1,516	29,618,484	0.41%	917
2019	27,595,000		27,595,000	0.38%	862
2020	25,480,000		25,480,000	0.35%	783
2021	23,275,000		23,275,000	0.32%	727
2022	21,035,000		21,035,000	0.29%	606
2023	18,795,000		18,795,000	0.26%	548

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

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

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

Source: School District Financial Records

Parsippany-Troy Hills School District
 Ratios of Overlapping Governmental Activities Debt
 As of December 31, 2022
 Unaudited

	Debt Authorized and Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Township of Parsippany	\$ 101,695,621	100.00%	\$ 101,695,621
Morris County General Obligation Debt	253,387,955	8.88%	22,500,850
Subtotal overlapping debt			124,196,471
Parsippany-Troy Hills School District Direct Net Debt			18,795,000
Total direct and overlapping debt			\$ 142,991,471

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 2023
 Equalized valuation basis

2023	\$	9,525,053,571
2022		9,011,817,126
2021		8,833,149,174
		\$ 27,370,019,871

Average equalized valuation of taxable property \$ 9,123,339,957

Debt limit ^a (4 % of average equalization value) \$ 364,933,598
 Net bonded school debt 18,795,000
 Legal debt margin \$ 346,138,598

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 338,350,892	\$ 338,546,862	\$ 339,722,776	\$ 341,145,899	\$ 343,166,152	\$ 345,557,692	\$ 346,501,819	\$ 349,812,886	\$ 354,153,461	\$ 364,933,598
Total net debt applicable to limit	38,848,000	35,232,171	33,432,691	31,567,931	29,618,484	27,595,000	25,480,000	23,275,000	21,035,000	18,795,000
Legal debt margin	\$ 299,502,892	\$ 303,314,691	\$ 306,290,085	\$ 309,577,968	\$ 313,547,668	\$ 317,962,692	\$ 321,021,819	\$ 326,537,886	\$ 333,118,461	\$ 346,138,598
Total net debt applicable to the limit as a percentage of debt limit	11.48%	10.41%	9.84%	9.25%	8.63%	7.99%	7.35%	6.65%	5.94%	5.15%

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

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

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

Year	Population ^a	Personal Income ^b	Morris County Per Capita Personal Income ^a	Unemployment Rate ^a
2014	53,681	\$ 4,403,291,387	\$ 82,027	6.10%
2015	53,544	4,329,996,192	80,868	4.20%
2016	53,476	4,475,246,012	83,687	4.20%
2017	53,278	4,682,923,088	87,896	4.00%
2018	53,201	4,738,347,065	89,065	3.70%
2019	52,265	4,926,446,635	94,259	3.30%
2020	51,561	5,096,392,362	98,842	2.80%
2021	51,305	5,214,948,030	101,646	8.10%
2022	56,120	5,736,979,240	102,227	4.90%
2023	56,163	6,052,518,021	107,767	2.90%

^a Provided by the NJ Dept of Education.

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

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

2023			2014		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
United Parcel Post	2,800	N/A	United Parcel Service	1,927	N/A
Wyndham Worldwide	1,500	N/A	Wyndham	1,366	N/A
Tiffany and Company	1,000	N/A	Automatic Data Processin	1,300	N/A
Avis/Budget Group	900	N/A	Avis	1,025	N/A
TEVA Pharmaceuticals	900	N/A	Deloitte & Touche	1,000	N/A
GAF	800	N/A	Tiffany and Company	710	N/A
ADP	800	N/A	State Farm	700	N/A
NJ Manufacturers Insurance	750	N/A	Common Health	555	N/A
T Mobile	750	N/A	EBI-Evonik Corp	525	N/A
Day Pitney	750	N/A	NY Life Inv. Mgmt	500	N/A
	<u>10,950</u>			<u>9,608</u>	

Source: Various Agencies of the Township

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

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

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction:										
Regular	521.7	509.0	519.8	524.7	521.8	527.1	526.5	532.6	536.5	538.5
Special Education	112.6	108.0	116.0	115.4	117.4	118.5	121.4	116.9	129.9	133.9
Support Services:										
Student & Instruction Related Services	118.9	104.8	104.9	105.6	113.0	111.0	116.6	123.6	129.0	132.0
School Administrative Services	35.0	38.0	40.0	38.0	36.0	36.0	36.0	37.0	37.0	38.0
General & Business Administrative Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant Operations and Maintenance	103.5	110.0	110.5	108.0	110.5	114.5	113.5	113.5	115.0	116.0
Pupil Transportation	22.0	25.0	26.0	27.0	27.0	27.0	27.0	28.0	29.0	29.0
Business and Other Support Services	87.0	85.5	85.0	81.0	78.0	73.5	73.0	73.0	74.0	73.5
Total	<u>1,003.7</u>	<u>983.3</u>	<u>1,005.2</u>	<u>1,002.6</u>	<u>1,006.7</u>	<u>1,010.6</u>	<u>1,017.0</u>	<u>1,027.6</u>	<u>1,053.4</u>	<u>1,063.9</u>

Source: District Personnel Records

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

Pupil/Teacher Ratio

At June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Elementary	Middle School	High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2014	7,014	\$ 136,463,081	\$19,456	5.91%	753	10.2:1	8.2:1	9.1:1	7,014	6,726	-3.52%	95.89%
2015	6,959	136,363,231	19,595	0.72%	722	12.1:1	9.3:1	10.3:1	6,959	6,686	-0.78%	96.08%
2016	7,014	145,783,457	20,785	6.07%	741	10.5:1	8.5:1	8.7:1	7,014	6,748	0.79%	96.21%
2017	7,043	151,077,798	21,451	3.20%	746	11.7:1	10.3:1	10.4:1	6,993	6,710	-0.30%	95.95%
2018	7,032	154,040,020	21,906	2.12%	753	11.6:1	10.5:1	10.3:1	7,024	6,758	0.44%	96.21%
2019	7,170	160,824,956	22,430	2.40%	757	12.1:1	10.5:1	10.3:1	7,130	6,857	1.51%	96.17%
2020	7,259	162,925,218	22,445	0.06%	765	12.2:1	10.5:1	10.1:1	7,207	6,991	1.08%	97.00%
2021	7,171	170,033,780	23,711	5.64%	773	12.0:1	10.3:1	10.1:1	7,082	6,901	-1.73%	97.44%
2022	7,011	185,376,102	26,441	11.51%	795	11.3:1	10.2:1	9.6:1	7,015	6,589	-0.95%	93.93%
2023	6,992	197,060,647	28,184	6.59%	804	11.7:1	9.9:1	9.4:1	7,013	6,646	-0.03%	94.77%

Note: Enrollment's based October 15, 2022 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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
District Building										
Parisippany High School (1956)										
Square Feet	174,377	174,377	174,377	174,377	174,377	174,377	174,377	174,377	174,377	174,377
Capacity (students)	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106
Enrollment	971	932	928	929	900	913	923	925	898	888
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	1,071	1,055	1,032	1,075	1,067	1,075	1,082	1,063	1,028	1,014
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	881	863	878	886	919	918	877	861	896	911
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	753	761	790	785	793	789	817	833	807	784
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	335	323	312	332	329	350	362	367	359	380
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	285	297	299	297	287	279	280	275	255	268
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	331	347	365	367	401	414	402	386	379	363
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	423	417	427	416	395	406	427	423	417	469
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	320	318	298	294	284	283	260	261	271	311
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	359	369	393	390	375	405	445	422	422	427
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	406	414	403	402	439	449	425	388	355	370
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	368	362	375	375	377	372	356	381	383	370
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	245	252	243	242	228	257	268	266	258	252
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	266	249	248	253	238	260	292	301	290	293
Other:										
Windish Administration (1965)										
Square Feet	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Maintenance Building (1900)										
Square Feet	4,074	4,074	4,074	4,074	4,074	4,074	4,074	4,074	4,074	4,074
Board Office (acquired in 2006)										
Square Feet	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500
Number of Schools at June 30, 2023										
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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Parsippany High School	\$ 386,218	\$ 436,982	\$ 444,752	\$ 404,580	\$ 442,231	\$ 458,071	\$ 430,227	\$ 440,776	\$ 439,375	\$ 468,400
Parsippany Hills High School	483,520	547,074	556,802	506,507	553,645	573,476	538,617	551,824	550,070	586,407
Brooklawn Middle School	277,542	314,022	319,606	290,737	317,794	329,177	309,168	316,748	315,742	336,600
Central Middle School	289,650	327,722	333,549	303,421	331,658	343,538	322,656	330,568	329,517	351,285
Eastlake Elementary School	69,345	78,459	79,854	72,641	79,401	82,246	77,246	79,140	78,889	84,100
Intervale Elementary School	86,450	97,813	99,552	90,560	98,987	102,533	96,301	98,662	98,348	104,845
Knollwood Elementary School	75,039	84,902	86,412	78,606	85,922	89,000	83,590	85,639	85,367	91,006
Lake Hiawatha Elementary School	98,392	111,325	113,304	103,070	112,662	116,697	109,604	112,291	111,934	119,329
Lake Parsippany Elementary School	81,389	92,087	93,724	85,258	93,193	96,531	90,663	92,886	92,591	98,707
Littleton Elementary School	92,780	104,975	106,841	97,191	106,236	110,041	103,352	105,886	105,549	112,522
Mt.Tabor Elementary School	94,600	107,035	108,938	99,098	108,320	112,200	105,380	107,964	107,621	114,730
Northvail Elementary School	72,642	82,191	83,652	76,096	83,178	86,157	80,920	82,904	82,641	88,100
Rockaway Meadow Elementary School	80,545	91,132	92,752	84,374	92,226	95,530	89,723	91,923	91,631	97,684
Troy Hills elementary School	81,847	92,605	94,252	85,738	93,718	97,075	91,174	93,409	93,112	99,263
Administration Building	80,842	91,468	93,094	84,685	92,566	95,882	90,054	92,261	91,969	98,044
Maintenance Building	9,024	10,209	10,391	9,452	10,332	10,702	10,052	10,298	10,265	11,090
Grand Total	\$ 2,359,825	\$ 2,670,001	\$ 2,717,475	\$ 2,472,014	\$ 2,702,068	\$ 2,798,856	\$ 2,628,727	\$ 2,693,179	\$ 2,684,621	\$ 2,862,112

Source: District records of required maintenance.

Parsippany-Troy Hills School District
Insurance Schedule
Year ended June 30, 2023
Unaudited

Type of Coverage	Coverage	Deductible
School Package Policy:		
School Alliance Insurance Fund:		
Workers' Compensation/Employers' Liability	\$ 5,000,000	
General and Automotive Liability:		
Aggregate	100,000,000	
Occurrence	5,000,000	
Excess General and Auto Liability:		
Aggregate	5,000,000	
Occurrence	5,000,000	
Employee Benefits Liability:		
Occurrence	5,000,000	
Money and Securities	2,500,000	\$ 1,000
Property, Inland Marine and Automobile Physical Damage:		
Occurrence	500,000,000	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	10,000,000	25,000
Occurrence	1,000,000	25,000
Critical Incident Management	25,000	
Student Accident Coverage - United States Fire Insurance Co.		
All Students & Athletes	6,000,000	25,000
Public Officials Bond - Selective Insurance		
Business Administrator/Board Secretary	650,000	
Treasurer	650,000	
Rockaway Meadow School Flood Liability - Selective Insurance		
Building	500,000	1,250
Contents	500,000	1,250

Source: District Records

Single Audit Section

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities, the business-type activities and each major fund of the Parsippany-Troy Hills School District, in the County of Morris, New Jersey (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 2023.

Report on Internal Control Over Financial Reporting

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

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

PKF O'CONNOR DAVIES, LLP
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**Honorable President and Members
of the Board of Education
Parsippany-Troy Hills School District**

Page 2

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 5, 2023

Scott A. Clelland

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

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Parsippany-Troy Hills School District's, in the County of Morris, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

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- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 5, 2023

Scott A. Clelland

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

Parsippany-Troy Hills School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

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, 2022				Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2023			Amounts Provided to Subrecipients
						(Accounts Receivable)	Unearned Revenue	Due to Grantor	Carryover/ (Walkover) Amount					(Accounts Receivable)	Unearned Revenue	Due to Grantor	
General Fund:																	
U.S. Department of Health and Human Services - Passed-through State Department of Education:																	
Medical Assistance Program (SEMI)	93.778	1905NJSMAP	N/A	7/1/22-6/30/23	\$ 68,658					\$ 68,658	\$ 68,658						
COVID-19 Medical Assistance (SEMI)	93.778	1905NJSMAP	N/A	7/1/22-6/30/23	9,041					9,041	9,041						
Total U.S. Department of Health and Human Services - Passed-through State Department of Education										<u>77,699</u>	<u>77,699</u>						
U.S. Department of Labor - Passed-through State Department of Labor																	
COVID-19 American Rescue Plan Act (ARPA) Unemployment Reimbursement (NC)	17.000	Not Available	N/A	7/1/21-6/30/23	195,769					195,769	195,769						
Total U.S. Department of Labor - Passed-through State Department of Labor										<u>195,769</u>	<u>195,769</u>						
Total General Fund:																	
										<u>273,468</u>	<u>273,468</u>						
Special Revenue Fund:																	
U.S. Department of Education-Passed-Through State Department of Education																	
Title I, Part A	84.010A	S010A220030	ESEA395020	7/1/22-9/30/23	242,005												
Title I, Part A	84.010A	S010A210030	ESEA395020	7/1/21-9/30/22	643,568	\$ (124,749)				321,422	302,481			\$ (105,808)			
Title II, Part A	84.367A	S367A220029	ESEA395020	7/1/22-9/30/23	97,912												
Title II, Part A	84.367A	S367A210029	ESEA395020	7/1/21-9/30/22	206,474	(7,565)				84,448	102,296			(25,413)			
Language Instruction for English Learners and Immigrant Students:																	
Title III	84.365A	S365A220030	ESEA395020	7/1/22-9/30/23	96,352					91,783	95,040			(3,257)			
Title III	84.365A	S365A210030	ESEA395020	7/1/21-9/30/22	111,167	(9,892)				10,806	914						
Title III - Supplemental Immigrant Student Aid	84.365	S365A210030	ESEA395020	7/1/21-9/30/22	9,316	(4,007)				4,007							
Total of Language Instruction for English Learners and Immigrant Student					<u>13,899</u>					<u>106,596</u>	<u>95,954</u>			<u>(3,257)</u>			
Title IV	84.424	S424A220031	ESEA395020	7/1/22-9/30/23	43,435					32,639	32,639						
Title IV	84.424	S424A210031	ESEA395020	7/1/21-9/30/22	32,325	(3,000)				4,318	1,318						
Special Education Grant Cluster:																	
I.D.E.A. Part B, Regular	84.027	H027A220100	IDEA395020	7/1/22-9/30/23	2,277,270					700,216	1,257,185			(556,969)			
I.D.E.A. Part B, Regular	84.027	H027A210100	IDEA395020	7/1/21-9/30/22	2,054,241	(428,751)				922,311	493,560						
I.D.E.A. Part B, Preschool	84.173	H173A220114	IDEA395020	7/1/22-9/30/23	69,653					1,353	69,107			(67,754)			
I.D.E.A. Part B, Preschool	84.173	H173A210114	IDEA395020	7/1/21-9/30/22	62,155	(19,149)				19,695	546						
COVID-19 American Rescue Plan I.D.E.A. (ARP I.D.E.A.)	84.027X	H027X210100	N/A	7/1/21-9/30/23	335,385	(24,988)				25,168	180						
COVID-19 American Rescue Plan I.D.E.A. (ARP I.D.E.A.), Preschool	84.173X	H173X210114	N/A	7/1/21-9/30/23	28,604	(1,688)				7,754	6,066						
Total of Special Education Grant Cluste					<u>(474,576)</u>					<u>1,676,497</u>	<u>1,826,644</u>			<u>(624,723)</u>			
Additional or Compensatory Special Education and Related Service	21.027	SLFRFDOE1SES	N/A	7/1/22-6/30/23	348,669					168,933	348,669			(179,736)			
Educational Stabilization Fund																	
COVID-19 Coronavirus Aid Relief and Economic Security Act of 2020 (CARES Act)	84.425D	S425D200027	S425D200027	3/13/20-9/30/23	330		\$ 725					\$ 725					
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	S425D200027	S425D200027	3/13/20-9/30/23	1,227,725	(28,676)				376,504	424,656	1,879		(74,949)			
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER) II Learning Acceleration	84.425D	S425D200027	S425D200027	3/13/20-9/30/23	78,789					500	12,396			(11,896)			
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER) II Mental Health	84.425D	S425D200027	S425D200027	3/13/20-9/30/23	45,000		1,879			300	5,514	(1,879)		(5,214)			
COVID-19 American Rescue Plan - Elementary and Secondary School Emergenc Relief Fund (ARP ESSER)	84.425U	S425U210027	S425U210027	3/13/20-9/30/24	2,759,232	(17,350)				961,465	2,154,000			(1,209,885)			
COVID-19 American Rescue Plan - Elementary and Secondary School Emergenc Relief Fund (ARP ESSER) - Learning Acceleration	84.425U	S425U210027	S425U210027	3/13/20-9/30/24	632,438					192,159	326,521			(134,362)			
COVID-19 American Rescue Plan - Elementary and Secondary School Emergenc Relief Fund (ARP ESSER) - Beyond the School Day	84.425U	S425U210027	S425U210027	3/13/20-9/30/24	43,119	(5,221)				5,221	3,403			(3,403)			
Total Educational Stabilization Ai					<u>(51,247)</u>	<u>2,604</u>				<u>1,536,149</u>	<u>2,926,490</u>	<u>725</u>		<u>(1,439,709)</u>			
Total U.S. Department of Education-Passed-Through State Department of Education						<u>(675,036)</u>	<u>2,604</u>			<u>3,931,002</u>	<u>5,636,491</u>			<u>(2,378,646)</u>			
U.S. Department of Treasury-Passed-Through State Department of Education																	
COVID-19 - CRF Nonpublic Digital Dividt	21.019	S377A130031		7/16/20-10/31/20	14,356		84							\$ 84			
Total Coronavirus Relief Fund							<u>84</u>							<u>84</u>			
Total Special Revenue Fund						<u>(675,036)</u>	<u>2,688</u>			<u>3,931,002</u>	<u>5,636,491</u>			<u>(2,378,646)</u>			<u>84</u>
U.S. Department of Agriculture-Passed-Through State Department of Agriculture																	
Enterprise Fund:																	
Child Nutrition Cluster:																	
U.S.D.A Food Donation Program (NC)	10.555	221NJ304N1099	N/A	7/1/22-6/30/23	304,587					304,587	256,910						47,677
U.S.D.A Food Donation Program (NC)	10.555	211NJ304N1099	N/A	7/1/21-6/30/22	236,301		12,915				12,915						
COVID-19 Supply Chain Assistance Funding	10.555	221NJ344N8903	N/A	7/1/22-6/30/23	136,790					136,790	136,790						
COVID-19 Supply Chain Assistance Funding 2nd Round	10.555	221NJ344N8903	N/A	7/1/22-6/30/23	124,417					124,417	124,417						
COVID-19 Supply Chain Assistance Funding 3rd Round	10.555	231NJ344N8903	N/A	7/1/22-6/30/23	58,862					58,862	58,862						
School Breakfast Program	10.553	221NJ304N1099	N/A	7/1/22-6/30/23	141,010					131,679	141,010			(9,331)			
School Breakfast Program	10.553	211NJ304N1099	N/A	7/1/21-6/30/22	1,811,103	(141,582)				141,582							
National School Lunch Program	10.553	221NJ304N1099	N/A	7/1/22-6/30/23	776,259					733,566	776,260			(42,694)			
National School Lunch Program	10.555	211NJ304N1099	N/A	7/1/21-6/30/22	4,181,428	(360,716)				360,716							
Total of Child Nutrition Cluster					<u>(502,298)</u>	<u>12,915</u>				<u>1,992,189</u>	<u>1,507,154</u>			<u>(52,025)</u>			<u>47,677</u>
COVID-19 Pandemic EBT Administrative Cost	10.649	2.02223E+12	N/A	7/1/22-6/30/23	653						653			(653)			
Total Enterprise Fund and Total U.S. Department of Agriculture Passed-Through State Department of Agriculture						<u>(502,298)</u>	<u>12,915</u>			<u>1,992,189</u>	<u>1,507,807</u>			<u>(52,678)</u>			<u>47,677</u>
Total Expenditures of Federal Awards						<u>\$ (1,177,334)</u>	<u>\$ 15,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,196,659</u>	<u>\$ 7,417,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,431,324)</u>	<u>\$ 47,761</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Carryover/ Walkover	Cash Received	Budgetary Expenditures	Repayment		Balance at June 30, 2023			Memo	
				Unearned Rev. (Accts Rec)	Due to Grantor				of Prior Years' Balances	Adjustments	Unearned Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
State Department of Education															
General Fund:															
Special Education Categorical Aid	495-034-5120-089	7/1/22-6/30/23	\$ 7,406,183				\$ 6,691,937	\$ 7,406,183						\$ (714,246)	\$ 7,406,183
Special Education Categorical Aid	495-034-5120-089	7/1/21-6/30/22	6,346,181	\$ (607,946)			607,946								
Equalization Aid	495-034-5120-078	7/1/22-6/30/23	92,029				83,154	92,029						(8,875)	92,029
Equalization Aid	495-034-5120-078	7/1/21-6/30/22	92,029	(7,414)			7,414								
Security Aid	495-034-5120-084	7/1/22-6/30/23	523,570				473,077	523,570						(50,493)	523,570
Security Aid	495-034-5120-084	7/1/21-6/30/22	152,504	(14,828)			14,828								
Transportation Aid	495-034-5120-014	7/1/22-6/30/23	1,163,059				1,050,893	1,163,059						(112,166)	1,163,059
Transportation Aid	495-034-5120-014	7/1/21-6/30/22	1,163,059	(111,210)			111,210								
Extraordinary Aid	100-034-5120-473	7/1/22-6/30/23	1,994,963					1,994,963				\$ (1,994,963)			1,994,963
Extraordinary Aid	100-034-5120-473	7/1/21-6/30/22	2,069,832	(2,069,832)			2,069,832								
Additional NP Transportation Aid	Not available	7/1/22-6/30/23	78,229					78,229				(78,229)			78,229
Additional NP Transportation Aid	Not available	7/1/21-6/30/22	54,314	(54,314)			54,314								
Lead Testing for Schools	495-034-5120-104	7/1/22-6/30/23	9,026				9,026	9,026							9,026
Alyssa's Law School Security Grant	21E00395	7/1/22-6/30/23	65,133				65,133	65,133							65,133
On-Behalf TPAF - Pension Contributions	495-034-5095-002	7/1/22-6/30/23	24,104,859				24,104,859	24,104,859							24,104,859
On-Behalf TPAF - Medical Contributions	495-034-5095-001	7/1/22-6/30/23	6,332,288				6,332,288	6,332,288							6,332,288
On-Behalf TPAF - Long-Term Disability Contributions	495-034-5094-004	7/1/22-6/30/23	7,668				7,668	7,668							7,668
Reimbursed TPAF - Social Security	495-034-5094-003	7/1/22-6/30/23	5,194,489				5,194,489	5,194,489							5,194,489
Reimbursed TPAF - Social Security	495-034-5094-003	7/1/21-6/30/22	4,913,012	(242,457)			242,457								
Total State Department of Education				(3,108,001)			47,120,525	46,971,496				(2,073,192)		(885,780)	46,971,496
NJ Schools Development Authority															
General Fund:															
School Security Grant (Alyssa's Law)	20E00395	4/1/21-3/1/23	400,367	(303,588)			368,721	65,133							368,721
Total NJ Schools Development Authority				(303,588)			368,721	65,133							
Total General Fund				(3,411,589)			47,489,246	47,036,629				(2,073,192)		(885,780)	46,971,496
Special Revenue Fund:															
Non Public Auxiliary Services (Ch. 192):															
Compensatory Education	100-034-5120-067	7/1/22-6/30/23	28,562				28,562	28,562							28,562
Compensatory Education		7/1/21-6/30/22	20,603		\$ 3,135					\$ 3,135					
Home Instruction		7/1/21-6/30/22	1,396	(1,396)			1,396								
Non Public Handicapped Services (Ch. 193):															
Supplemental Instruction	100-034-5120-066	7/1/22-6/30/23	22,302				22,302	15,116				\$ 7,186			15,116
Supplemental Instruction		7/1/21-6/30/22	21,476		1,156				1,156						
Examination and Classification		7/1/22-6/30/23	30,137				30,137	23,312				6,825			23,312
Examination and Classification		7/1/21-6/30/22	18,589		3,392				3,392						
Corrective Speech		7/1/22-6/30/23	17,670				17,670	2,790				14,880			2,790
Corrective Speech		7/1/21-6/30/22	17,670		8,649				8,649						
New Jersey Non-Public Aid:															
Nursing	100-034-5120-070	7/1/22-6/30/23	29,120				29,120	29,120							29,120
Nursing	100-034-5120-070	7/1/21-6/30/22	32,480		342				342						
Textbook Aid	100-034-5120-064	7/1/22-6/30/23	17,160				17,160	16,830				330			16,830
Textbook Aid	100-034-5120-064	7/1/21-6/30/22	17,345		268				268						
Technology Aid	100-034-5120-373	7/1/22-6/30/23	10,920				10,920	10,893				27			10,893
Technology Aid	100-034-5120-373	7/1/21-6/30/22	12,138		224				224						
Security Aid	100-034-5120-509	7/1/22-6/30/23	53,300				53,300	44,324				8,976			44,324
Security Aid	100-034-5120-509	7/1/21-6/30/22	50,750		11,268				11,268						
NJ Schools Development Authority															
Special Revenue Fund:															
SDA Emergent Needs and Capital Maintenance	Not Available	7/1/22-6/30/23	169,356				169,356	169,356							169,356
Total NJ Schools Development Authority							169,356	169,356							
Total Special Revenue Fund				(1,396)	28,434		379,923	340,303	28,434			38,224			340,303
Debt Service Fund:															
Type II Aid	100-034-5120-075	7/1/22-6/30/23	548,222				548,222	548,222							548,222
Total Debt Service Fund							548,222	548,222							548,222
State Department of Agriculture															
Enterprise Fund:															
State School Lunch Program (State share)	100-010-3350-023	7/1/22-6/30/23	38,525				36,376	38,525				(2,149)			38,525
State School Lunch Program (State share)	100-010-3350-023	7/1/21-6/30/22	97,400	(8,215)			8,215								
State School Breakfast Program (State share)	Not Available	7/1/22-6/30/23	8,544				8,024	8,544				(520)			8,544
Total Enterprise Fund				(8,215)			52,615	47,069				(2,669)			47,069
Total State Financial Assistance				\$ (3,421,200)	\$ 28,434	\$ -	\$ 48,101,285	\$ 47,972,223	\$ 28,434	\$ -	\$ -	\$ (2,075,861)	\$ 38,224	\$ (885,780)	\$ 47,907,090
State Financial Assistance Not Subject to Single Audit Determination:															
On-Behalf TPAF - Pension and Medical Contributions	495-034-5095-002	7/1/22-6/30/23	24,104,859				\$ 24,104,859	\$ 24,104,859							\$ 24,104,859
On-Behalf TPAF - Pension and Medical Contributions	495-034-5095-001	7/1/22-6/30/23	6,332,288				6,332,288	6,332,288							6,332,288
On-Behalf TPAF - Long-Term Disability Contributions	495-034-5094-004	7/1/22-6/30/23	7,668				7,668	7,668							7,668
Total State Financial Assistance Subject to Single Audit Determination				\$ (3,421,200)	\$ 28,434	\$ -	\$ 17,656,470	\$ 17,527,408	\$ 28,434	\$ -	\$ -	\$ (2,075,861)	\$ 38,224	\$ (885,780)	\$ 17,462,275

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, 2023

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, 2023. The District is defined in Note 1 to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

The information in these schedules are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented, or used in the preparation of, the basic financial statements. Because the schedules present only selected portions of the operations of the District, they are not intended to and do not present the financial position, changes in net position, or cash flows of the District.

2. Summary of Significant Accounting Policies

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

Parsippany-Troy Hills School District

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

Year ended June 30, 2023

3. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$144,382 for the general fund and \$1,111,829 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:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 77,699	\$46,827,114	\$46,904,813
Special Revenue Fund	4,529,998	335,645	4,865,643
Debt Service Fund		548,222	548,222
Food Service Enterprise Fund	1,507,807	47,069	1,554,876
Total financial award revenues	<u>\$ 6,115,504</u>	<u>\$47,758,050</u>	<u>\$53,873,554</u>

Parsippany-Troy Hills School District

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

Year ended June 30, 2023

3. Relationship to Basic Financial Statements (continued)

The adjustment to reconcile from budgetary basis accounts receivable to GAAP basis accounts receivable is \$1,160,795 for the special revenue fund. This is a result of recognizing encumbrances as expenditures on the budgetary basis but not the GAAP basis.

4. Relationship to Federal and State Financial Reports

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

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value of USDA commodities received and current year distributions, respectively. TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2023.

The post retirement pension, medical benefits and long-term disability benefits on-behalf of the District for the year ended June 30, 2023 amounted to \$30,444,815. 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.

During fiscal year 2023, the New Jersey Department of Labor notified the District that federal legislation under the CARES Act and the American Rescue Plan Act of 2021 provided for partial federal subsidies related to unemployment insurance benefits attributable to the District's account. The amount of federal subsidies received by the District during fiscal year 2023 amounted to \$195,769, which have been included on the schedule of federal awards. These subsidies represent amounts paid on behalf of the District for time periods prior to the current fiscal year (third quarter of 2020 through the third quarter of 2021) and therefore have been excluded from the District's basic financial statements.

Parsippany-Troy Hills School District

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

Year ended June 30, 2023

6. Indirect Costs

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

7. Adjustments

The adjustments presented on schedule K-3 and K-4 are the result of reallocations of grant misallocations in prior years or cancellations of unearned revenue and amounts expended in prior year expenditures.

Parsippany-Troy Hills School District
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2023

Part I - Summary of Auditors' Results

Financial Statement Section

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified? _____ Yes ✓ None Reported

Noncompliance material to the basic financial statements noted? _____ Yes ✓ No

Federal Awards

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

\$750,000

Auditee qualified as low-risk auditee? ✓ Yes _____ No

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

Unmodified

Internal control over major federal programs:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified? _____ Yes ✓ None Reported

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

_____ Yes ✓ No

Parsippany-Troy Hills School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

Part I - Summary of Auditors' Results

Identification of major federal programs:

AL Number(s)	FAIN Number	Name of Federal Program or Cluster
84.425D/84.425U	S425D210027/S425U210027	COVID-19 Education Stabilization Fund
21.027	SLFRFDOE1SES	Additional or Compensatory Special Education and Related Services (ACSERS)

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

Year ended June 30, 2023

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?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Type of auditors' report on compliance for major state programs:	Unmodified
Internal control over compliance:	
Material weakness(es) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Significant deficiency (ies) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None Reported
Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 15-08?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
	General State Aid Cluster:
495-034-5120-089	Special Education Categorical Aid
495-034-5120-078	Equalization Aid
495-034-5120-084	Security Aid

Parsippany-Troy Hills School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

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, 2023

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

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

Federal Award Programs

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

State Financial Assistance 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.