

**BOROUGH OF MORRIS PLAINS
SCHOOL DISTRICT**

**Morris Plains Board of Education
Morris Plains, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017**

**Comprehensive Annual
Financial Report**

of the

Morris Plains Borough School District

Morris Plains, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

**Borough of Morris Plains Board of Education
Finance Department**

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
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INTRODUCTORY SECTION

Morris Plains School District

500 Speedwell Avenue
Morris Plains, NJ 07950

September 15, 2017

The Honorable President and Members
of the Board of Education
Morris Plains Borough School District
County of Morris, New Jersey

Dear Honorable President and Board Members:

The comprehensive annual financial report of the Morris Plains Borough School District for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of officials and a list of consultants and advisors. The financial section includes The Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the 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 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 Morris Plains Borough School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Morris Plains Borough School District and its schools constitute the District's reporting entity.

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The Community of Caring

(1) REPORTING ENTITY AND ITS SERVICES: (Cont'd)

The District provides a full range of educational services appropriate to grade levels Pre-K through 8 as well as special education for handicapped students. Additionally, the District provides for the education of regular and special education high school level students through a sending-receiving relationship with the Morris School District as well as transportation services or aid in lieu of transportation for all resident public and nonpublic students.

2) ECONOMIC CONDITION AND OUTLOOK:

Morris Plains remains financially healthy. The District is currently carrying the maximum 2% unassigned budgetary basis fund balance to provide funding for the reduction in state aid, emergency funding, and to provide necessary reserves for future contingencies. In addition, the District has established tuition and maintenance reserves to help the District manage financially with the state restricted tax levy budget cap of 2%. A capital reserve for the local funding portion of future capital projects contained in the District's Long Range Facility Plan totals \$1,212,132. The Morris Plains community is experiencing the impact of the current economic condition in the United States. The District has worked very hard to minimize the tax impact to the community.

3) MAJOR INITIATIVES:

The Morris Plains School District offers a superior curricular and instructional program to its students. Our curriculum aligns with the New Jersey Core Curriculum Content Standards in all nine areas, and over recent years, we have invested in program improvements to ensure that our students master the skills and content necessary to support 21st century learning. Below is a summary of the initiatives included in the subject areas:

Math:

Teachers are using GoMath and Big Ideas to assess student learning and target re-teaching needs. In addition, teachers will be utilizing the web-based tool, Exact Path, to reinforce skills, assign practice problems, integrate benchmark assessments, and analyze student performance data. Reaching the needs of all student learners continues to be a district-wide goal for mathematics. The district expanded the part-time Basic Skills Math instructor to full-time to support struggling student learners, K-8. In addition, administrators continue to build a master schedule for math courses that support double periods of math for each student, K-8. The district utilizes 21st Century tools and skills, such as a 1:1 Chromebook initiative (grades 2-8), Google Classroom, and student responders, to monitor student progress. The district continues to provide professional learning experiences for our math instructors. Professional development planned for the upcoming school year will continue to support the implementation of authentic assessments, cross-curricular planning, and data analysis. The training will be led by a Math Consultant through The Madison Institute. Training will include on site in-services, modeling, demonstrating, and coaching. The consultant will also lead the effort to analyze the existing Math curriculum, and prepare new curriculum and textbook recommendations for the 2018-2019 school year. Additionally, our Math teachers will work closely with the Technology and Enrichment Supervisor to support the integration of technology into their instruction. This includes designing lessons maximizing the district's 1:1 Chromebook initiative for grades 2-8.

3) MAJOR INITIATIVES: (Cont'd)

Science:

The 2017-2018 school year marks the third year the Morris Plains School District implemented the recently revised Science Curriculum. In addition, K-4 students had access to Stem Kits, which were aligned to the new Science standards. The district found much success with the K-8, related arts STEM and Innovation Lab courses. The Science department continues to become fluent with their new digital Techbook, and they will continue to utilize Study Island as a benchmark throughout the year to gauge student progress. The Science staff will work closely with the Technology and Enrichment Supervisor to support the integration of technology into their instruction. This includes designing lessons maximizing the district's 1:1 Chromebook initiative for grades 2-8. Throughout the year, the Borough School Science department will continue their partnership with Students2Science to incorporate virtual labs into their curriculum. Additionally, the Science teachers are in collaboration with community volunteers to design and build an outdoor classroom at Borough School, planned for the spring of 2018.

Language Arts:

The Language Arts goal for the 2017-2018 school year was designed to further support our efforts to integrate balanced literacy. The district is in the third year implementing both Writer's Workshop (K-8) and Words Their Way (K-6). For the upcoming school year, the district will implement Reader's Workshop. The district invested in a Literacy Consultant last year to support this initiative. Last summer, curriculum writers developed a Writer's Workshop Scope and Sequence. Next summer, curriculum writers will create a curriculum for Reader's Workshop. Last year, over 15 staff members were trained in Lindamood Bell Verbal and Visualization. This year, Kindergarten will implement a universal reading program. Additionally, the district will continue to use iReady and FastForward as both diagnostic and personalized learning tools. The district will continue to have the Literacy Coach facilitate the Reading Program committee, which will create a Prescription Committee to review student performance data and chart student progress. The committee will also finalize the district's Early Intervention Plan. In addition to facilitating the Reading Program Committee, the Literacy Coach will support staff instruction and the language arts program by modeling/demonstrating best practices, leading PLC's, facilitating professional development, coordinating parent workshops, prescribing intervention programs for struggling readers, and analyzing performance data. The Literacy Coach will also lead the transition to Reader's Workshop. The transition will include the creation of classroom libraries and teacher resources. This will be a budgetary expense, which the district will manage throughout the school year. As previously noted, the Morris Plains School District continues to focus on remedial support for struggling student learners. A special education course was designed for all special education students (grades 3-8) to support reading comprehension. In addition, the district will continue to invest money to support Orton Gillingham and Lindamood-Bell training for several special education staff members. Our Technology and Enrichment Supervisor will continue to work with staff to support technology integration into the classroom. Lastly, our LAL teachers will enroll in The Madison Institute's Literacy Consortium to incorporate literacy strategies into their instruction.

Social Studies:

For the 2017-2018 school year, the Morris Plains School Social Studies teachers will continue to implement the recently revised Social Studies curriculum, which was board approved in the spring of 2015. Units of study were shifted across grade levels to provide consistency with the Morris School District.

3) MAJOR INITIATIVES: (Cont'd)

Social Studies: (Cont'd)

The Morris Social Studies teachers will continue to work with The Madison Institute to effectively integrate literacy and authentic-based learning experiences into their instruction. The Social Studies department continues to become fluent with their new digital Techbook, and they will continue to work closely with the Technology and Enrichment Supervisor to support the integration of technology into their instruction. This included designing lessons maximizing the district's 1:1 Chromebook initiative for grades 2-8. Lastly, the Social Studies teachers will work closely with the Literacy Coach and enroll in The Madison Institute's Literacy Consortium to incorporate literacy strategies into their instruction.

21st Century Life and Careers:

As a focus of our Professional Development Committee, 21st Century Life and Career skills continue to be emphasized across the district. Recently, both Mountain Way School and Borough School were designated as a 2017 Certified Future Ready School by Future Ready NJ. In October, the district will launch a book study with the entire staff to support personalized learning in the classroom. For the 2017-2018 school year, Borough School will implement their 20-Time initiative for all students in grades 5-8. The 20-Time project is facilitated by our STEM and iLab instructors. The Morris Plains School District has partnered with NJIT, and have secured a LiFE grant that will provide extra-curricular STEM opportunities for 3rd and 4th grade Females. NJIT will also partner with the Morris Plains School District to support science expositions and fairs for our students throughout the school year. Last year, the district created a list of core competencies, identified by teachers that will be at the forefront of instructional planning. Throughout the year, teachers will be expected to observe colleagues, build virtual libraries that highlight best practices, and pilot Achievement Coaches across several grade levels. Additionally, the Media Curriculum was recently revised to reflect more project-based learning opportunities for students, utilizing multiple technology tools and resources. Staff worked closely with the Technology and Enrichment Supervisor to support the integration of technology into their instruction. This includes designing lessons maximizing the district's 1:1 chromebook initiative for grades 2-8. The Guidance Curriculum was created in August 2016 to focus on career awareness across each grade level. For the 2017-2018 school year, the district added a part-time Guidance Counselor at Mountain Way to support the revised curriculum. Included in the new curriculum is an Advisory Program, which is a character education-based program that runs once each month and includes all students and staff. Finally, the STEM and Innovation Lab courses at both schools were also created and designed to promote 21st century learning. For the 2017-2018 school year, the iLab will include a Digital Communications Studio, which will run live broadcasts each day. The district was required to create a new stipend position to support the morning broadcasts. Additionally, the district secured a grant from the Education Foundation for \$14K to purchase the necessary equipment to run the studio.

Visual and Performing Arts

The district's visual and performing arts program has state of the art facilities and resources to support their curriculum. The district enhanced the related arts program across the district. Related arts courses run in quarterly cycles. Related arts resources support student application. This includes smartboards, 3D printers, iPads/Chromebooks, a renovated auditorium, and art and music rooms, etc.

3) MAJOR INITIATIVES: (Cont'd)

Visual and Performing Arts: (Cont'd)

Additionally, the district works closely with the Home and School Association and the Education Foundation to provide assemblies, programs, and resources to support the visual and performing arts. Visual and Performing Arts teachers will work closely with the Technology and Enrichment Supervisor to support the integration of technology into their instruction. In addition, they will work with the Literacy Coach to address cross-curricular planning to support literacy.

Comprehensive Health and Physical Education:

The district recently reviewed and adopted the state's Model Curriculum for Health and Physical Education. Teachers continue to explore opportunities to infuse literacy and cross-curricular instruction to support the Health and Physical Education standards. Professional development and common planning opportunities support this collaboration. The Physical Education teachers will continue to work with The Madison Institute on integrating authentic-based learning experiences for their students. They will also work with The Madison Institute to further support the district's professional development plan; promoting cross-curricular planning, and data analysis through professional learning communities.

World Language:

The World Language Schedules at Borough School were modified last year to support World Language instruction from a certified staff member for all students, grades 3-8. Supplemental instructional resources have been purchased to support World Language instruction for primary students. This includes Mango, a web-based program that supports fluency and world cultures. The district has purchased headphones for all students, K-8. This technology tool will support fluency and comprehension. World Language teachers will work closely with the Technology and Enrichment Supervisor to support the integration of technology into their instruction. This includes designing lessons maximizing the district's 1:1 Chromebook initiative for grades 2-8.

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 is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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 approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund and the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2017.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Morris Essex Insurance Group (MEIG) oversees risk management for Workers' Compensation Insurance. A Schedule of Insurance Coverage is found on Exhibit J-20.

9) OTHER INFORMATION:

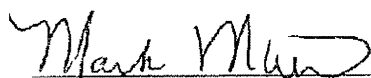
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education at its last organization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet 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's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

The Honorable President and Members
of the Board of Education
Morris Plains Borough School District
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September 15, 2017

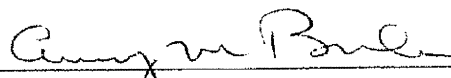
10) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Board of the Morris Plains Borough School District 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.

Respectfully submitted,

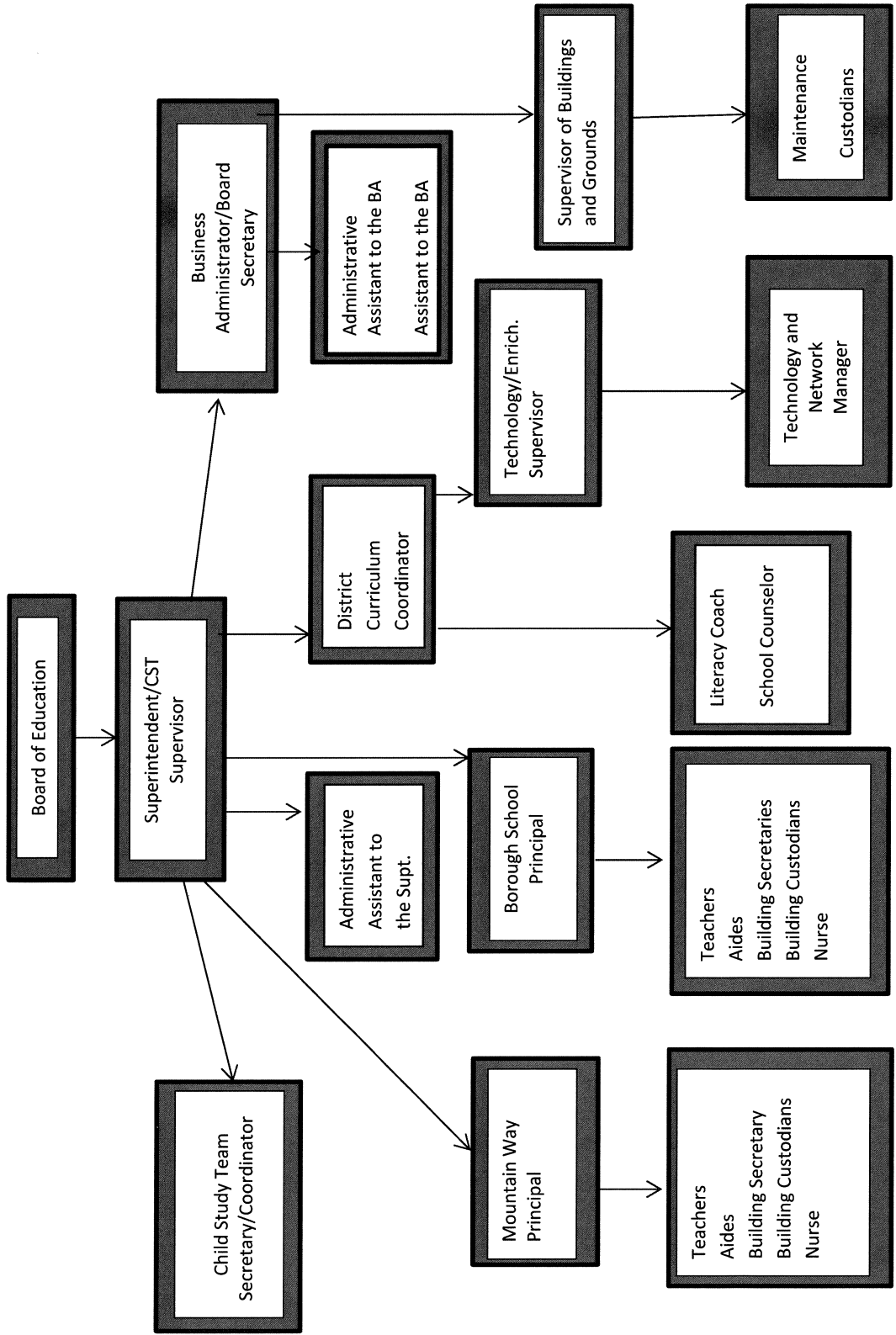


Mr. Mark Maire
Superintendent



Ms. Amy Bankman
Business Administrator/Board Secretary

MORRIS PLAINS SCHOOL DISTRICT - ORGANIZATIONAL CHART – June 2017



**MORRIS PLAINS BOROUGH SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2017**

<u>Members of the Board of Education</u>	<u>Expiration of Term</u>
Maria Manley, President	2019
Lucia Galdi, Vice-President	2018
Scott Bober	2017
Adam Higgins	2019
Anthony Galdi	2017
Shawna Longo	2017
Christina Perry	2019
Denise Rawding	2017
Kenneth Wilbur	2018

Other Officials

Title

Mr. Mark Maire	Superintendent
Ms. Amy Barkman	Business Administrator/Board Secretary

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

Nisivoccia LLP, CPAs
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Architects

Settembrino Architects
25 Bridge Ave Suite 201
Red Bank, NJ 07701

Official Depository

Investors Savings Bank
736 Speedwell Avenue
Morris Plains, New Jersey 07950

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Morris Plains Borough School District
County of Morris, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Morris Plains Borough School District (the "District") in the County of Morris as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Morris Plains Borough School District, in the County of Morris, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Honorable President and Members
of the Board of Education
Morris Plains Borough School District
Page 3

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

September 15, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED

**Morris Plains Borough School District
Management Discussion and Analysis
Unaudited**

This section of Morris Plains Borough School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

Financial Highlights

- The District’s financial status decreased \$75,116 on a district-wide basis.
- Overall revenue was \$20.11 million.
- Total expenses were \$20.19 million.
- The voters approved a \$6,242,000 referendum in September 2016. The referendum includes new windows, lighting, flooring, door replacement and partial roof replacement at Borough School. In addition, the project also includes an ADA compliant renovation to Borough School auditorium.

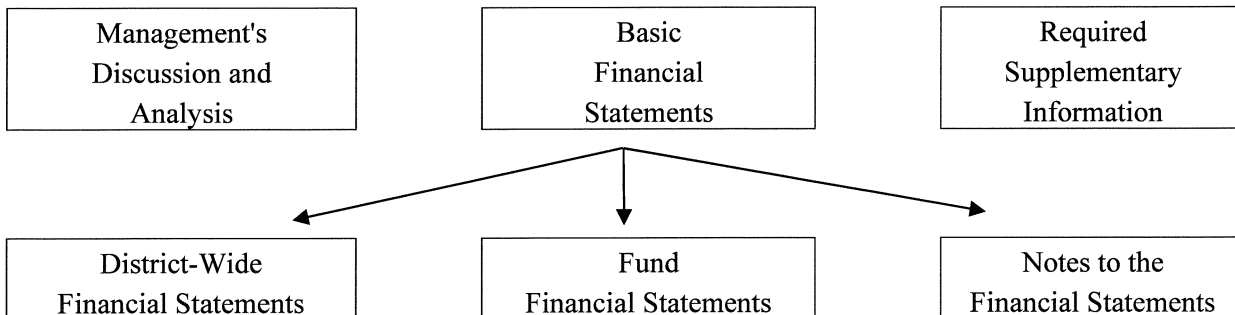
Overview of the Financial Statements

This annual report consists of three parts: management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District’s operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Organization of Morris Plains Borough School District’s Financial Report**



**Morris Plains Borough School District
Management Discussion and Analysis
Unaudited**

Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**Morris Plains Borough School District
Management Discussion and Analysis
Unaudited**

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows, and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows, and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

**Morris Plains Borough School District
Management Discussion and Analysis
Unaudited**

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements: Provide additional information essential to a full understanding of the District-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District’s combined net position decreased \$75,116. Net position from governmental activities decreased by \$84,378 combined with an increase in net position from business-type activities of \$9,262. Net investment in capital assets increased by \$454,261, restricted net position decreased by \$366,605 and unrestricted net position decreased by \$162,772.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	Percentage Change
Current and Other Assets	\$ 8,907,571	\$ 3,660,046	\$ 13,191	\$ 13,549	\$ 8,920,762	\$ 3,673,595	142.83%
Capital Assets, Net	15,986,700	15,080,260	23,412	15,112	16,010,112	15,095,372	6.06%
Total Assets	24,894,271	18,740,306	36,603	28,661	24,930,874	18,768,967	32.83%
Deferred Outflow of Resources	1,378,249	665,887			1,378,249	665,887	106.98%
Other Liabilities	381,180	120,520	2,477	3,797	383,657	124,317	208.61%
Long-Term Liabilities	12,999,377	6,275,079			12,999,377	6,275,079	107.16%
Total Liabilities	13,380,557	6,395,599	2,477	3,797	13,383,034	6,399,396	109.13%
Deferred Inflows of Resources	26,674	60,927			26,674	60,927	-56.22%
Net Position:							
Net Investment in Capital Assets	12,692,104	12,246,143	23,412	15,112	12,715,516	12,261,255	3.70%
Restricted	2,588,370	2,954,975			2,588,370	2,954,975	-12.41%
Unrestricted/(Deficit)	(2,415,185)	(2,251,451)	10,714	9,752	(2,404,471)	(2,241,699)	7.26%
Total Net Position	\$ 12,865,289	\$ 12,949,667	\$ 34,126	\$ 24,864	\$ 12,899,415	\$ 12,974,531	-0.58%

Changes in Net Position. The District’s combined net position was \$12,899,415 on June 30, 2017, or \$75,116 less than it was the year before. (See Figure A-3). The decrease in the District’s financial position came primarily from its governmental activities as net position decreased \$84,378, while net position from business type activities increased \$9,262, (See Figure A-4) for the fiscal year ended June 30, 2017.

**Morris Plains Borough School District
Management Discussion and Analysis
Unaudited**

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	
Revenue:							
Program Revenue:							
Charges for Services	\$ 126,687	\$ 175,851	\$ 82,291	\$ 86,499	\$ 208,978	\$ 262,350	-20.34%
Operating Grants & Contribution	3,688,320	2,910,463	31,935	25,837	3,720,255	2,936,300	26.70%
Capital Grants & Contributions	141,669				141,669		100.00%
General Revenue:							
Property Taxes	15,488,208	15,200,175			15,488,208	15,200,175	1.89%
Unrestricted Federal and State Aid	472,400	442,368			472,400	442,368	6.79%
Other	81,179	80,808	82	52	81,261	80,860	0.50%
Total Revenue	<u>19,998,463</u>	<u>18,809,665</u>	<u>114,308</u>	<u>112,388</u>	<u>20,112,771</u>	<u>18,922,053</u>	6.29%
Expenses:							
Instruction	9,209,867	8,377,712			9,209,867	8,377,712	9.93%
Pupil and Instruction Services	6,262,489	5,989,641			6,262,489	5,989,641	4.56%
Administrative and Business	1,543,686	1,328,807			1,543,686	1,328,807	16.17%
Maintenance and Operations	1,208,502	1,101,142			1,208,502	1,101,142	9.75%
Transportation	852,765	748,157			852,765	748,157	13.98%
Other	1,005,532	640,126	105,046	119,095	1,110,578	759,221	46.28%
Total Expenses	<u>20,082,841</u>	<u>18,185,585</u>	<u>105,046</u>	<u>119,095</u>	<u>20,187,887</u>	<u>18,304,680</u>	10.29%
Increase/(Decrease) in Net Position	<u>\$ (84,378)</u>	<u>\$ 624,080</u>	<u>\$ 9,262</u>	<u>\$ (6,707)</u>	<u>\$ (75,116)</u>	<u>\$ 617,373</u>	-112.17%

Revenue Sources. The District's total revenue for the school year was \$20,112,771, (See Figure A-4). Property taxes accounted for most of the District's revenue, with local taxes accounting of \$15,488,208 of the total, or 77.01 percent. (See Figure A-5). Approximately 21.55 percent came from state and federal aid and the remainder from miscellaneous sources.

**Figure A-5
Sources of School District Revenue - Fiscal Year 2017**

	Amount	Percentage
Sources of Income:		
State Formula Aid	\$ 472,400	2.35%
Property Taxes	15,488,208	77.01%
Federal and State Categorical Grants	3,861,924	19.20%
Charges for Services	208,978	1.04%
Other	81,261	0.40%
	<u>\$ 20,112,771</u>	<u>100.00%</u>

The total cost of all programs and services was \$20,187,887. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (80.86 percent). (See Figure A-6). The District's administrative and maintenance and operations costs accounted for 13.64 percent of total costs. It is important to remember that \$629,677 in depreciation is included in expenses for the year.

**Morris Plains Borough School District
Management Discussion and Analysis
Unaudited**

**Figure A-6
Sources of School District Expenses - Fiscal Year 2017**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 9,209,867	45.62%
Pupil and Instruction Services	6,262,489	31.02%
Administrative and Business	1,543,686	7.65%
Maintenance and Operations	1,208,502	5.99%
Transportation	852,765	4.22%
Other	1,110,578	5.50%
	<u>\$ 20,187,887</u>	<u>100.00%</u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District remains stable. Maintaining existing programs along with the provision of programs and services for students with special needs place great demands on the District's resources along with rising employee salary and benefits costs.

Careful management of expenses remains essential for the District to maintain its financial health. State aid has been relatively flat while costs continue to escalate.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial obligation placed on the District's taxpayers by each of these functions:

**Figure A-7
Net Cost of Governmental Activities**

	<u>Total Costs of Services</u>		<u>Net Cost of Services</u>	
	<u>2016/17</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2015/16</u>
Instruction	\$ 9,209,867	\$ 8,377,712	\$ 5,768,375	\$ 5,649,140
Pupil and Instruction Services	6,262,489	5,989,641	6,135,802	5,813,790
Administrative and Business	1,543,686	1,328,807	1,343,097	1,188,871
Maintenance and Operations	1,208,502	1,101,142	1,208,502	1,101,142
Transportation	852,765	748,157	806,526	706,202
Other	1,005,532	640,126	863,863	640,126
	<u>\$ 20,082,841</u>	<u>\$ 18,185,585</u>	<u>\$ 16,126,165</u>	<u>\$ 15,099,271</u>

- The cost of all governmental activities this year was \$20.08 million.
- Approximately \$15.49 million of the District's costs were financed by District taxpayers.
- The remainder of the funding came from federal and state grants, charges for services and other miscellaneous revenue.

**Morris Plains Borough School District
Management Discussion and Analysis
Unaudited**

Business-Type Activities

Net position from the District’s business-type activity increased by \$9,262, (Refer to Figure A-4). The primary factor contributing to these results was:

- Increase in business-type activity was a result of more participation in the federal and state lunch program for which subsidy revenue was obtained by the District.

Financial Analysis of the District’s Funds

The District’s financial position decreased \$193,352. Revenues increased this year in part due to an increase in operating grants as well as Federal and State Aid. Expenditures during the current year increased as a result of the increase in salaries and wages.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- Changes in budgetary line accounts to more accurately reflect current requirements.

Capital Asset Administration

Figure A-8

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	Change 2016/17
Sites	\$ 951,200	\$ 951,200			\$ 951,200	\$ 951,200	0.00%
Site Improvements	453,251	500,141			453,251	500,141	-9.38%
Construction in Progress	834,639				834,639		100.00%
Buildings & Building							
Improvements	13,543,787	12,928,599			13,543,787	12,928,599	4.76%
Furniture, Machinery &							
Equipment	203,823	700,320	\$ 23,412	\$ 15,112	227,235	715,432	-68.24%
Total	\$ 15,986,700	\$ 15,080,260	\$ 23,412	\$ 15,112	\$ 16,010,112	\$ 15,095,372	6.06%

- The change in Capital Assets is a result of the acquisition of assets and construction in progress in the amount of \$1,636,563 offset by the adjustment of assets in the amount of \$86,920 and depreciation expense of \$634,903.
- The construction in progress represents referendum expenditures as of June 30, 2017.

**Morris Plains Borough School District
Management Discussion and Analysis
Unaudited**

Long-Term Liabilities

At year-end, the District had \$8,797,000 in general obligation bonds outstanding as shown in Figure A-9. (More detailed information about the District’s long-term liabilities is presented in Note 8 to the basic financial statements.)

**Figure A-9
Outstanding Long-Term Liabilities**

	Total School District		Percentage
	2016/17	2015/16	Change 2016/17
General Obligation Bonds (Financed with Property Taxes)	\$ 8,797,000	\$ 2,945,000	66.52%
Net Pension Liability	3,888,495	2,969,674	23.63%
Other Long Term Liabilities	313,882	360,405	-14.82%
Total	\$ 12,999,377	\$ 6,275,079	107.16%

- The District continued to pay down its debt, retiring \$390,000 of outstanding bonds.
- The District issued a new bond in the amount of \$6,242,000 for the voter approved referendum.
- Compensated absences payable decreased by a net amount of \$2,562.
- Net Pension Liability increased by \$918,821.
- Unamortized Bond Premiums decreased by \$43,961.

Factors Bearing on the District’s Future

Currently, the District is in good financial condition. Everyone associated with the Board of Education is grateful for the community support of the schools. However, due to an environment of relatively flat state aid, there is an ever-increasing reliance on local property taxes to fund school district operations. A major concern is that an extraordinary financial burden is placed on taxpayers just to maintain appropriate class sizes and services.

Future finances will be challenged even further with the continued effect of legislation that impacts the financial operation of the School District. S1701, adopted by the State of New Jersey on June 17, 2004, forced the District to cut its allowable unassigned general fund balance to 2% of the District’s total adjusted expenditures which leaves the District with very little protection in the event of unforeseen emergencies. This law also places limits on the District’s ability to transfer funds into capital reserve for the construction and maintenance reserve of school facilities, the ability to transfer available fund balance as needed and the ability to transfer available funds between appropriation accounts. Taking away the option of transferring available funds during the budget year severely impacts our ability to maintain and improve our facilities.

Contacting the District’s Financial Management

This financial report is designed to provide the District’s citizens, taxpayers, customers and investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office at 500 Speedwell Avenue, Morris Plains, NJ 07950.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 7,529,889	\$ 3,601	\$ 7,533,490
Receivables from Federal, State and Other Governments	272,836	1,712	274,548
Interfund Receivable	11,294		11,294
Internal Balances	(3,985)	3,985	
Inventory		3,893	3,893
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	772,537		772,537
Maintenance Reserve Account - Cash and Cash Equivalents	25,000		25,000
Tuition Reserve Account - Cash and Cash Equivalents	300,000		300,000
Capital Assets:			
Sites (Land) and Construction in Progress	1,785,839		1,785,839
Depreciable Site Improvements, Building and Building Improvements and Furniture, Machinery and Equipment	14,200,861	23,412	14,224,273
Total Assets	<u>24,894,271</u>	<u>36,603</u>	<u>24,930,874</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount on the Refunding	95,043		95,043
Changes in Assumptions - Pension	805,489		805,489
Changes in Proportion - Pension	128,024		128,024
Difference between Expected and Actual Experience - Pensions	72,316		72,316
Net Difference between Projected and Actual Investment			
Earnings - Pensions	148,273		148,273
District Contribution Subsequent to the Measurement Date - Pension	129,104		129,104
Total Deferred Outflows of Resources	<u>1,378,249</u>		<u>1,378,249</u>
<u>LIABILITIES:</u>			
Accounts Payable	197,292		197,292
Payable to Federal Government	6,841		6,841
Accrued Interest Payable	142,907		142,907
Unearned Revenue	34,140	2,477	36,617
Noncurrent Liabilities:			
Due Within One Year, Net	765,961		765,961
Due Beyond One Year, Net	12,233,416		12,233,416
Total Liabilities	<u>13,380,557</u>	<u>2,477</u>	<u>13,383,034</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Changes in Proportion - Pensions	26,674		26,674
Total Deferred Inflows of Resources	<u>26,674</u>		<u>26,674</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 12,692,104	\$ 23,412	\$ 12,715,516
Restricted for:			
Debt Service	20,806		20,806
Capital Reserve	772,537		772,537
Maintenance Reserve	25,000		25,000
Tuition Reserve	300,000		300,000
Excess Surplus	1,470,027		1,470,027
Unrestricted/(Deficit)	<u>(2,415,185)</u>	<u>10,714</u>	<u>(2,404,471)</u>
Total Net Position	<u>\$ 12,865,289</u>	<u>\$ 34,126</u>	<u>\$ 12,899,415</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 6,309,797		\$ 1,928,414		\$ (4,381,383)		\$ (4,381,383)
Special Education	2,441,312		1,373,210		(1,068,102)		(1,068,102)
School -Sponsored/Other Instruction	458,758		139,868		(318,890)		(318,890)
Support Services:							
Tuition	4,512,658	\$ 126,687			(4,385,971)		(4,385,971)
Student and Instruction Related Services	1,749,831				(1,749,831)		(1,749,831)
General Administration Services	492,622				(492,622)		(492,622)
School Administration Services	684,924		200,589		(484,335)		(484,335)
Central Services	354,387				(354,387)		(354,387)
Administration Information Technology	11,753				(11,753)		(11,753)
Plant Operations and Maintenance	1,208,502				(1,208,502)		(1,208,502)
Pupil Transportation	852,765		46,239		(806,526)		(806,526)
Interest on Long-Term Debt	210,353				(210,353)		(210,353)
Unallocated Depreciation	558,737				(558,737)		(558,737)
Capital Outlay	143,482			\$ 141,669	(1,813)		(1,813)
Charter Schools	92,960				(92,960)		(92,960)
Total Governmental Activities	20,082,841	126,687	3,688,320	141,669	(16,126,165)		(16,126,165)

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Functions/Programs</u>	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 105,046	\$ 82,291	\$ 31,935	\$ 9,180	\$ 9,180	\$ 9,180
Total Business-Type Activities	105,046	82,291	31,935	9,180	9,180	9,180
Total Primary Government	\$ 20,187,887	\$ 208,978	\$ 3,720,255	\$ (16,126,165)	9,180	(16,116,985)
General Revenues:						
Taxes:						
Property Taxes, Levied for						
General Purposes, Net				\$ 14,954,858		\$ 14,954,858
Taxes Levied for Debt Service				533,350		533,350
Federal and State Aid not Restricted				472,400		472,400
Miscellaneous Income				81,179	82	81,261
Total General Revenue				16,041,787	82	16,041,869
Change in Net Position				(84,378)	9,262	(75,116)
Net Position - Beginning				12,949,667	24,864	12,974,531
Net Position - Ending				\$ 12,865,289	\$ 34,126	\$ 12,899,415

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 1,546,129	\$ 19,481	\$ 5,964,279		\$ 7,529,889
Interfund Receivables	547,406			\$ 20,806	568,212
Receivables From State Government	228,668				228,668
Receivables From Other Governments	44,168				44,168
Restricted Cash and Cash Equivalents	1,097,537				1,097,537
Total Assets	<u>\$ 3,463,908</u>	<u>\$ 19,481</u>	<u>\$ 5,964,279</u>	<u>\$ 20,806</u>	<u>\$ 9,468,474</u>

LIABILITIES AND FUND BALANCES:

Liabilities:					
Interfund Payable	\$ 3,985				\$ 560,903
Accounts Payable	68,188				68,188
Payable to Federal Government					6,841
Unearned Revenue	21,500	\$ 6,841			34,140
Total Liabilities	<u>93,673</u>	<u>19,481</u>	<u>556,918</u>		<u>670,072</u>

Fund Balances:

Restricted for:					
Capital Reserve Account	\$ 772,537				\$ 772,537
Excess Surplus Designated for Subsequent Year's Expenditures	716,983				716,983
Excess Surplus	753,044				753,044
Tuition Reserve Designated for 2017-2018 Budget	300,000				300,000
Maintenance Reserve	25,000				25,000
Capital Projects Fund			\$ 5,407,361		5,407,361
Debt Service Fund				\$ 20,806	20,806

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
LIABILITIES AND FUND BALANCES:					
Assigned:					
Year-End Encumbrances	\$ 153,325				\$ 153,325
Designated for Subsequent Year's Expenditures	160,779				160,779
Unassigned	488,567				488,567
Total Fund Balances	<u>3,370,235</u>		<u>\$ 5,407,361</u>	<u>\$ 20,806</u>	<u>8,798,402</u>
Total Liabilities and Fund Balances	<u>\$ 3,463,908</u>	<u>\$ 19,481</u>	<u>\$ 5,964,279</u>	<u>\$ 20,806</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 \$34,766,517 and the accumulated depreciation is \$18,779,817

Interest on long-term debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.

The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds. (142,907)

Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds. (3,888,495)

Deferred Outflows:

 Changes in Assumptions - Pensions 805,489

 Changes in Proportions - Pensions 128,024

 Difference between Expected and Actual Experience - Pensions 72,316

 Net Difference between Projected and Actual Investment Earnings - Pensions 148,273

Deferred Inflows:

 Changes in Proportions - Pensions (26,674)

Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds. (8,847,113)

Deferred Amount on the Refunding is not reported as an expenditure in the Governmental Funds in the year of the expenditure. 95,043

Bond premiums are reported as revenue in the Governmental Funds in the year the bonds are sold. (263,769)

The premium is \$527,537 and accumulated amortization is \$263,768

Net Position of Governmental Activities \$ 12,865,289

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 14,954,858			\$ 533,350	\$ 15,488,208
Tuition - Other LEA's within the State	8,180				8,180
Tuition - Individuals	118,507				118,507
Miscellaneous	60,373	\$ 12,921	\$ 20,806		94,100
Total - Local Sources	15,141,918	12,921	20,806	533,350	15,708,995
State Sources	2,181,080		141,669		2,322,749
Federal Sources		167,295			167,295
Total Revenue	17,322,998	180,216	162,475	533,350	18,199,039
EXPENDITURES					
Current:					
Regular Instruction	3,395,553	34,458			3,430,011
Special Education Instruction	1,198,437	145,758			1,344,195
School Sponsored/Other Instruction	247,550				247,550
Support Services and Undistributed Costs:					
Tuition	4,512,658				4,512,658
Student & Instruction Related Services	1,462,409				1,462,409
General Administrative Services	423,168				423,168
School Administrative Services	337,507				337,507
Central Services	278,036				278,036
Administrative Information Technology	11,753				11,753
Plant Operations and Maintenance	1,053,533				1,053,533
Pupil Transportation	852,765				852,765
Allocated and Unallocated Benefits	2,970,452				2,970,452

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES					
Debt Service:					
Principal				\$ 390,000	\$ 390,000
Interest and Other Charges	\$ 92,960			143,350	143,350
Transfer of Funds to Charter Schools	239,974		\$ 1,439,625		92,960
Capital Outlay					1,679,599
Total Expenditures	17,076,755	\$ 180,216	1,439,625	533,350	19,229,946
Excess/(Deficit) of Revenue over/(under) Expenditures	246,243		(1,277,150)		(1,030,907)
OTHER FINANCING SOURCES/(USES)					
Transfers In	165,391		604,986	20,806	791,183
Transfers Out	(604,986)		(186,197)		(791,183)
Bond Proceeds			6,242,000		6,242,000
Total Other Financing Sources/(Uses)	(439,595)		6,660,789	20,806	6,242,000
Net Change in Fund Balances	(193,352)		5,383,639	20,806	5,211,093
Fund Balance—July 1	3,563,587		23,722		3,587,309
Fund Balance—June 30	\$ 3,370,235	\$ -0-	\$ 5,407,361	\$ 20,806	\$ 8,798,402

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 5,211,093

Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.

Depreciation Expense	\$	(629,677)
Adjustments		(86,920)
Capital Outlays		1,623,037

906,440

(5,852,000)

Repayment of serial bonds 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. 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). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+)

2,562

Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities

(15,840)

The governmental funds report the effect of deferred amount on a bond refunding relative to an advance refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. (-)

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability (918,821)

Deferred Outflows:

Changes in Assumptions 486,570

Changes in Proportion (37,215)

Difference between Expected and Actual Experience 1,470

Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments 196,020

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds: (Cont'd)

Deferred Inflows:	
Net Difference Between Projected and Actual Investment Earnings on Pension Changes in Proportion	\$ (13,494)
The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (+)	43,961
In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).	<u>(95,124)</u>
Change in Net Position - Governmental Activities (From Exhibit A-2)	<u>\$ (84,378)</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

ASSETS:

Current Assets:		
Cash and Cash Equivalents	\$	3,601
Intergovernmental Receivable:		
Federal		1,628
State		84
Interfund Receivable:		
General Fund		3,985
Inventories		3,893
		13,191
Total Current Assets		13,191
Non-Current Assets:		
Capital Assets, Net of Depreciation		
Depreciable Furniture and Equipment		23,412
		23,412
Total Non-Current Assets		23,412
Total Assets		36,603
LIABILITIES:		
Current Liabilities:		
Unearned Revenue		2,477
		2,477
Total Current Liabilities		2,477
NET POSITION:		
Investment in Capital Assets		23,412
Unrestricted		10,714
		34,126
Total Net Position	\$	34,126

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 78,999
Daily Sales - Non-Reimbursable Programs	3,292
	<hr/>
Total Operating Revenue	82,291
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	41,765
Cost of Sales - Non-Reimbursable Programs	1,740
Salaries, Benefits & Payroll Taxes	47,379
Supplies, Insurance & Other Costs	936
Management Fee	8,000
Depreciation Expense	5,226
	<hr/>
Total Operating Expenses	105,046
	<hr/>
Operating Loss	(22,755)
Non-Operating Revenue:	
Local Sources:	
Interest Income	82
State Sources:	
State School Lunch Program	1,107
Federal Sources:	
National School Lunch Program	19,924
Food Distribution Program	10,904
	<hr/>
Total Non-Operating Revenue	32,017
	<hr/>
Change in Net Position	9,262
Net Position - Beginning of Year	24,864
	<hr/>
Net Position - End of Year	\$ 34,126
	<hr/> <hr/>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 82,191
Payments to Employees	(47,379)
Payments to Food Service Vendor	(39,269)
Payments to Suppliers	(3,220)
Net Cash Used for Operating Activities	<u>(7,677)</u>
Cash Flows Provided for Investing Activities:	
Local Sources:	
Interest Income	82
Net Cash Provided by Investing Activities	<u>82</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(13,526)
Net Cash Used for Capital and Related Financing Activities	<u>(13,526)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	1,089
Federal Sources:	
National School Lunch Program	19,218
Net Cash Provided by Noncapital Financing Activities	<u>20,307</u>
Net Decrease in Cash and Cash Equivalents	(814)
Cash and Cash Equivalents, July 1	4,415
Cash and Cash Equivalents, June 30	<u>\$ 3,601</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (22,755)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	5,226
Food Distribution Program	10,904
Changes in Assets and Liabilities:	
Decrease in Inventory	368
(Increase) in Interfund Accounts Receivable	(100)
(Decrease) in Unearned Revenue	(77)
(Decrease) in Accounts Payable	(1,243)
Net Cash Used for Operating Activities	<u>\$ (7,677)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities through the Food Distribution Program valued at \$10,827 and Utilized Commodities Valued at \$10,904.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Agency Funds</u>	<u>Unemployment Compensation Trust Fund</u>
ASSETS:		
Cash and Cash Equivalents	\$ 383,217	\$ 136,113
Interfund Receivable		62,074
	<hr/>	<hr/>
Total Assets	383,217	198,187
LIABILITIES:		
Payroll Deductions and Withholdings	5,150	
Accrued Salaries and Wages	260,575	
Due to Student Groups	44,124	
Interfund Payable	73,368	
	<hr/>	<hr/>
Total Liabilities	383,217	
NET POSITION:		
Held in Trust for Unemployment Claims		198,187
	<hr/>	<hr/>
Total Net Position	<u>\$ -0-</u>	<u>\$ 198,187</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Unemployment Compensation Trust Fund</u>
Additions:	
Contributions:	
Employee Contributions	\$ 11,276
Total Contributions	<u>11,276</u>
Investment Earnings:	
Interest	<u>637</u>
Net Investment Earnings	<u>637</u>
Total Additions	<u>11,913</u>
Deductions	
Unemployment Compensation Claims	<u>23,298</u>
Total Deductions	<u>23,298</u>
Change in Net Position	(11,385)
Net Position - Beginning of the Year	<u>209,572</u>
Net Position - End of the Year	<u><u>\$ 198,187</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses in the program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue from sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes,

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

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

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Unemployment Compensation Trust Fund, Student Activities Fund and Payroll Agency Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. 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 referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 17,325,738	\$ 180,681
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		
Current Year Encumbrances		(4,751)
Prior Year Encumbrances		4,286
Prior Year State Aid Payments Recognized for GAAP Statements	67,765	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(70,505)</u>	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	 <u>\$ 17,322,998</u>	 <u>\$ 180,216</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 17,076,755	\$ 180,681
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		
Current Year Encumbrances		(4,751)
Prior Year Encumbrances		4,286
 Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 17,076,755</u>	 <u>\$ 180,216</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	Capital Projects Fund	
	Revenue	Fund Balance
Fund Balance/Revenue per Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis)	\$ -0-	\$ 5,407,361
Reconciliation to Governmental Funds Statements (GAAP): SDA Grants are Recognized as Revenue on the Budgetary Basis when awarded but are not recognized on the GAAP Basis until Expended and submitted for reimbursement.	141,669	
Fund Balance/Revenue per Governmental Funds (GAAP)	\$ 141,669	\$ 5,407,361

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to type 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.

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 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 of 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 the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed, and/or assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

Short-term 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.

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary changes necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental funds upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

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

L. Long Term Liabilities:

In the government-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond premiums as revenue in 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.

M. Accrued Salaries and Wages:

The District allows certain employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year. As of June 30, 2017, the amount earned by these employees but not disbursed was \$260,575.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

In the district-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.

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$3,370,235 General Fund fund balance at June 30, 2017, \$153,325 is assigned for encumbrances and \$160,779 is assigned as designated for subsequent year's expenditures. \$772,537 is restricted in the capital reserve account; \$25,000 has been restricted in the maintenance reserve account, \$300,000 is restricted in the tuition reserve, \$753,044 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2019: \$716,983 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2018, and \$488,567 is unassigned fund balance, which is \$70,505 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2018.

Capital Projects Fund: The \$5,407,361 Capital Projects Fund fund balance at June 30, 2017 is restricted fund balance.

Debt Service Fund: The \$20,806 Debt Service Fund fund balance at June 30, 2017 is restricted fund balance.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict 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 year's budget. The District had excess surplus as noted above.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated: (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$70,505, as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$2,415,185 in governmental activities, which is due to unassigned fund balance of \$488,567 and fund balance assigned for encumbrances of \$153,325, assigned fund balance designated for subsequent years expenditures of \$160,779 changes in assumptions of pensions of \$805,489, changes in proportions of pensions of \$128,024, the difference between expected and actual experiences in pensions of \$72,316 and net difference between projected and actual investment earnings in pensions of \$148,273; offset by net pension liability of \$3,888,495, compensated absences of \$50,113, accrued interest of \$142,907, unamortized bond premiums of \$263,769 and changes in proportions of pensions of \$26,674. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2017 for the deferred amount on refunding, changes in assumptions in pensions, the difference between expected and actual pension experience, net difference between projected and actual investment earnings in pensions, the district contribution subsequent to the measurement date for pensions, and changes in proportions in pensions.

The District had deferred inflows of resources at June 30, 2017 for the changes in proportions in pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Net Position: (Cont'd)

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for the capital projects and debt service funds, excess surplus, a capital reserve, a tuition reserve, and a maintenance reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2017.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and the amount designated for subsequent year's expenditures in the General Fund at June 30, 2017.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

U. Operating Revenue and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

W. Pensions:

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 the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the Investment section of this note.

Custodial Credit Risk - The District's policy with respect to custodial credit risk requires that the District ensure that District funds are only deposited in financial institutions in which New Jersey school districts are permitted to invest their funds.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan 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. New Jersey statutes 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.

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2017, cash and cash equivalents of the District consisted of the following:

	Cash and	<u>Restricted Cash and Cash Equivalents</u>			Total
	Cash	Capital	Maintenance	Tuition	
	<u>Equivalents</u>	<u>Reserve</u>	<u>Reserve</u>	<u>Reserve</u>	
Checking & Savings Accounts	\$ 8,052,820	\$ 772,537	\$ 25,000	\$ 300,000	\$9,150,357
	<u>\$ 8,052,820</u>	<u>\$ 772,537</u>	<u>\$ 25,000</u>	<u>\$ 300,000</u>	<u>\$9,150,357</u>

During the period ended June 30, 2017, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2017, was \$9,150,357 and the bank balance was \$10,739,656.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 4. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	Beginning Balance 6/30/2016	Increases	Adjustments/ Decreases	Balance 6/30/2017
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 951,200			\$ 951,200
Construction in Progress		\$ 1,439,625	\$ (604,986)	834,639
Total Capital Assets not Being Depreciated	951,200	1,439,625	(604,986)	1,785,839
Capital Assets Being Depreciated:				
Site Improvements	1,015,827			1,015,827
Buildings and Building Improvements	30,096,142	183,412	770,758	31,050,312
Machinery and Equipment	1,167,231		(252,692)	914,539
Total Capital Assets Being Depreciated	32,279,200	183,412	518,066	32,980,678
Governmental Activities Capital Assets	33,230,400	1,623,037	\$ (86,920)	34,766,517
Less Accumulated Depreciation for:				
Site Improvements	(515,686)	(46,890)		(562,576)
Buildings and Building Improvements	(17,167,543)	(338,982)		(17,506,525)
Machinery and Equipment	(466,911)	(243,805)		(710,716)
Total Accumulated Depreciation	(18,150,140)	(629,677)		(18,779,817)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 15,080,260	\$ 993,360	\$ (86,920)	\$ 15,986,700
	Beginning Balance 6/30/2016	Increases	Adjustments/ Decreases	Balance 6/30/2017
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 58,197	\$ 13,526		\$ 71,723
Less Accumulated Depreciation	(43,085)	(5,226)		(48,311)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 15,112	\$ 8,300	\$ - 0 -	\$ 23,412
GRAND TOTAL	\$ 15,095,372	\$ 1,001,660	\$ (86,920)	\$ 16,010,112

The District expended \$1,439,625 towards construction in progress and transferred \$604,986 of completed capital projects to depreciable capital assets during the fiscal year. As of June 30, 2017, the District has \$5,407,361 in active construction project for the referendum.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$	16,516
General and School Administration Services		46,776
Operations and Maintenance of Plant		7,648
General/Unallocated		558,737
		558,737
	\$	629,677

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2017, the school district had \$2,407 of transfers to the capital outlay accounts for equipment which did not require approval from County Superintendent.

NOTE 6. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Morris Plains Borough School District in 1997, 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 department, 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 of any unanticipated revenue or unexpended line item appropriations, 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. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 6. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Balance at June 30, 2016		\$ 1,212,132
Unexpended balance returned from Capital Projects Fund		165,391
		1,377,523
Budget Withdrawal from Capital Reserve		(604,986)
Balance at June 30, 2017		\$ 772,537

The balance in the capital reserve account at June 30, 2017 did not exceed the balance of local support costs of uncompleted capital projects in the District’s approved Long Range Facilities Plan (“LRFP”).

NOTE 7. MAINTENANCE RESERVE ACCOUNT

These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year’s budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district’s school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year’s budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The following is an analysis of activity of the maintenance reserve account:

Balance at June 30, 2016		\$ 25,000
Balance at June 30, 2017		\$ 25,000

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 8. LONG-TERM LIABILITIES:

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2016	Accrued	Retired	Balance 6/30/2017
Bonds Payable	\$ 2,945,000	\$ 6,242,000	\$ 390,000	\$ 8,797,000
Net Pension Liability	2,969,674	918,821		3,888,495
Unamortized Bond Premiums	307,730		43,961	263,769
Compensated Absences Payable	52,675	6,340	8,902	50,113
	<u>\$ 6,275,079</u>	<u>\$ 7,167,161</u>	<u>\$ 442,863</u>	<u>\$ 12,999,377</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law 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 Board are general obligation bonds and will be retired through the Debt Service Fund.

On June 1, 2011 the District issued \$4,470,000 refunding bonds with interest rates ranging from 3.00-5.00% to refund \$4,713,000 of the \$7,533,000 school bonds dated 2/27/2003 with rates ranging from 3.20% to 4.30%. As a result of the advance refunding, the School District reduced its total debt service requirement by \$228,992, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$243,000, or a 5.156 % net present value savings.

The refunding bonds will mature on February 15, 2012 through February 15, 2023 and constitute an advanced refunding. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent who paid the debt service requirements of the refunded bonds on February 15, 2013, which was the first optional redemption date. The refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's government-wide financial statements.

On December 15, 2016 the District issued debt in the amount of \$6,242,000 with interest rates ranging 2.50% and 3.25% with consent of the taxpayers through a referendum which includes new windows, lighting, flooring, door replacement and partial roof replacement at Borough School. In addition, the project also includes an ADA compliant renovation to Borough School auditorium. The bonds mature on July 15, 2017 through 2031.

The District has bonds outstanding as of June 30, 2017 as follows:

Purpose	Final Maturity Date	Interest Rate	Amount
School Refunding Bonds	2/15/2023	4.00-5.00%	\$ 2,555,000
School Bonds	7/15/2031	2.50-3.25%	6,242,000
			<u>\$ 8,797,000</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. LONG-TERM LIABILITIES: (Cont'd)

A. Bonds Payable: (Cont'd)

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

Fiscal Year Ending June 30,	Bonds		Total
	Principal	Interest	
2018	\$ 722,000	\$ 326,979	\$ 1,048,979
2019	765,000	283,006	1,048,006
2020	780,000	252,369	1,032,369
2021	795,000	220,244	1,015,244
2022	815,000	187,744	1,002,744
2023-2027	2,520,000	559,968	3,079,968
2028-2032	2,400,000	196,941	2,596,941
	<u>\$ 8,797,000</u>	<u>\$ 2,027,251</u>	<u>\$ 10,824,251</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2017, the Board has no bonds authorized but not issued.

C. Capital Leases Payable:

As of June 30, 2017, the Board has no capital leases payable.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2017 is \$-0- and the long-term portion is \$3,888,495. See Note 9 for further information on the PERS.

E. Unamortized Bond Premium:

The unamortized bond premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond premium at June 30, 2017 is \$43,961 and the long-term portion is \$219,808.

F. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability and will be liquidated through the General Fund. There is no current portion of the compensated absences balance of the governmental funds in the current year; therefore, the entire \$50,113 represents the long-term liability balance of compensated absences.

There is no liability for compensated absences in the District's Enterprise Fund.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS:

Substantially all of the Board’s employees participate in one of the two contributory, defined benefit public employee retirement systems: the Public Employee’s Retirement System (PERS) of New Jersey; the Teachers’ Pension and Annuity Fund (TPAF) or the Defined Contribution Retirement Program (DCRP).

A. Public Employees’ Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees’ Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$130,581 for fiscal year 2017.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the District reported a liability of \$3,888,495 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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 members, actuarially determined. At June 30, 2016, the District's proportion was 0.013%, which was a decrease of 0.0001% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$402,371. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 48,879	
	2015	5.72	199,731	
	2016	5.57	556,879	
			<u>805,489</u>	
Difference Between Expected and Actual Experience	2015	5.72	55,416	
	2016	5.57	16,900	
			<u>72,316</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(73,245)	
	2015	5.00	46,862	
	2016	5.00	174,656	
			<u>148,273</u>	
Changes in Proportion	2014	6.44	128,024	
	2015	5.72		\$ 10,391
	2016	5.57		16,283
			<u>128,024</u>	<u>26,674</u>
District Contribution Subsequent to the Measurement Date	2016	1.00	129,104	
			<u>\$ 1,283,206</u>	<u>\$ 26,674</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District Contribution subsequent to measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2017	\$ 231,011
2018	231,010
2019	267,634
2020	224,852
2021	71,571
	<u>\$ 1,026,078</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) 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 and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

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 collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, 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 or 1-percentage-point higher than the current rate:

	June 30, 2016		
	At 1% Decrease (2.98%)	At Current Discount Rate (3.98%)	At 1% Increase (4.98%)
District's proportionate share of the Net Pension Liability	\$ 4,764,896	\$ 3,888,495	\$ 3,164,949

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2017, the State of New Jersey contributed \$428,346 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,227,770.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the State's proportionate share of the net pension liability associated with the District was \$29,649,799. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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 members, actuarially determined. At June 30, 2016, the District's proportion was 0.038%, which was a decrease of 0.001% from its proportion measured as of June 30, 2015.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		29,649,799
Total	\$	29,649,799

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$2,227,770 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,691,524,165	
	2015	8.3	4,488,602,746	
	2016	8.3	9,522,623,964	
			15,702,750,875	
Difference Between Expected and Actual Experience	2014	8.5		\$ 16,110,615
	2015	8.3	277,221,464	
	2016	8.3		118,421,979
			277,221,464	134,532,594
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(870,618,286)	
	2015	5	577,926,182	
	2016	5	1,727,420,767	
			1,434,728,663	
		\$ 17,414,701,002	\$ 134,532,594	

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Fiscal Year Ending June 30,	Total
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	4,098,702,110
	\$ 17,280,168,408

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) 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 and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	June 30, 2016		
	At 1% Decrease (2.22%)	At Current Discount Rate (3.22%)	At 1% Increase (4.22%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 35,408,486	\$ 29,649,799	\$ 24,947,088
<u>Pension Plan Fiduciary Net Position</u>			

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

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$12,967 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$23,777 for the year ended June 30, 2017.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 of Public Laws 1990 required the TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2017.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$369,842, \$331,173, and \$359,320, for 2017, 2016, and 2015, respectively.

NOTE 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 benefit coverage through Horizon Blue Cross Blue Shield.

Property and Liability Insurance

The District maintains insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is member of the New Jersey Schools Insurance Group (the "Group"). This public entity risk management pool provides general liability, property, automobile coverage and workers compensation for its members. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school districts established for the purpose of providing low-cost insurance for its respective members in order to keep local 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 Group are elected.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

As a member of this Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Group 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.

The June 30, 2017 audit report for the Group is not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2016 is as follows:

	New Jersey Schools Insurance Group
Total Assets	\$ 310,222,850
Net Position	\$ 68,222,364
Total Revenue	\$ 124,872,219
Total Expenses	\$ 113,965,181
Change in Net Position	\$ 10,907,038
Member Dividends	\$ - 0 -

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

New Jersey Schools Insurance Group
6000 Midatlantic Drive
Suite 300 North
Mount Laurel, New Jersey 08054
(609) 386-6060

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 following is a summary of District contributions, employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$ 40,000	\$ 10,157	\$ 410	\$ 9,304	\$ 224,973
2015-2016	-0-	11,521	441	27,363	209,572
2016-2017	-0-	11,276	637	23,298	198,187

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2017.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 547,406	\$ 3,985
Capital Projects Fund		556,918
Debt Service Fund	20,806	
Proprietary Fund - Food Service Fund	3,985	
Fiduciary Funds	62,074	73,368
	<u>\$ 634,271</u>	<u>\$ 634,271</u>

The interfund receivable in the General Fund and interfund payable in the Capital Projects Fund represents prior years' interest received that will be transferred back during fiscal year 2018 and for the return of the unexpended capital project funds returned to the Capital Reserve. The interfund between the General Fund and the Fiduciary Funds represents payments made on behalf of the Fiduciary Funds. The interfund receivable and payable in the Fiduciary Funds represent employee contributions to the State Unemployment account that are currently held in the Payroll Agency Account. The interfund between the General Fund and the Food Service Fund represents subsidy reimbursements received in the General Fund not yet turned over to the Food Service Fund. The interfund between the Capital Projects Fund and Debt Service Fund represents interest earned in the Capital Projects Fund.

NOTE 13. DEFERRED COMPENSATION

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

Equitable	Lincoln National Insurance	Franklin Templeton
Oppenheimer	Lincoln Financial Group	

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 14. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten- day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined, agreed-upon schedule.

NOTE 15. ECONOMIC DEPENDENCY

The Board of Education 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, may have an effect on the Board of Education's programs and activities.

NOTE 16. CONTINGENT LIABILITIES

Litigation

The District is periodically involved in other pending lawsuits. The District estimates that the potential claims against it resulting from such other litigation and not covered by insurance would not materially affect the financial position of the District.

Grant Programs

The school district participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Arbitrage

The District is not subject to liability for arbitrage payable to the federal government relative to its \$4,470,000 Refunding Bonds dated June 1, 2011 and their \$6,242,000 School Bonds dated December 15, 2016 as the District is considered a small issuer with debt under \$15,000,000.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 16. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2017, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 153,325	\$ 4,751	\$ 112,239	\$ 270,315

On the District's Governmental Funds Balance Sheet as of June 30, 2017, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. On the GAAP basis, actual encumbrances are not recognized until paid and are reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$112,239 of encumbrances in the Capital Projects Fund is part of the restricted fund balance in the Capital Projects Fund.

NOTE 17. TUITION RESERVE ACCOUNT

A tuition reserve account may be established in accordance with N.J.A.C. 6A:23-3.1(f) for tuition between two Boards of Education that are in a formal sending/receiving relationship. The maximum amount that may be restricted at year end is 10% of the estimated contract year. Upon certification of tuition rates in the second year following the contract year, full appropriation of the applicable year's reserve must be liquidated and any remaining balance related to that year must be restricted and budgeted for tax relief.

The District established a \$300,000 tuition reserve during the prior year which will be used to pay for any tuition adjustments related to the District's sending/receiving relationship in the fiscal year ending June 30, 2018 budget.

NOTE 18. ACCOUNTS PAYABLE

	<u>Governmental Funds</u>	<u>District Contribution Subsequent to Measurement Date</u>	<u>Total Governmental Activities</u>
Vendors	\$ 68,188		\$ 68,188
State of New Jersey		\$ 129,104	129,104
	<u>\$ 68,188</u>	<u>\$ 129,104</u>	<u>\$ 197,292</u>

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's proportion of the net pension liability	0.0133120961%	0.0132291256%	0.0131292070%
District's proportionate share of the net pension liability	\$ 2,492,388	\$ 2,969,674	\$ 3,888,495
District's covered employee payroll	\$ 902,229	\$ 891,550	\$ 909,100
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	276.25%	333.09%	427.73%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 119,037	\$ 113,735	\$ 117,614
Contributions in relation to the contractually required contribution	<u>(119,037)</u>	<u>(113,735)</u>	<u>(117,614)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 899,543	\$ 902,229	\$ 891,550
Contributions as a percentage of covered employee payroll	13.23%	12.61%	13.19%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY ASSOCIATED WITH THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.0370490117%	0.0385863627%	0.0376905659%
State's proportionate share of the net pension liability attributable to the District	\$ 19,801,491	\$ 24,388,229	\$ 29,649,799
District's covered employee payroll	\$ 3,887,313	\$ 3,825,033	\$ 4,415,822
State's proportionate share of the net pension liability attributable to the district as a percentage of the District's covered employee payroll	509.39%	637.60%	671.44%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS ASSOCIATED WITH THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 1,065,506	\$ 1,489,121	\$ 2,227,770
Contributions in relation to the contractually required contribution	(208,612)	(301,766)	(428,346)
Contribution deficiency/(excess)	<u>\$ 856,894</u>	<u>\$ 1,187,355</u>	<u>\$ 1,799,424</u>
District's covered employee payroll	\$ 3,887,313	\$ 3,825,033	\$ 4,415,822
Contributions as a percentage of covered employee payroll	5.37%	7.89%	9.70%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

The inflation rate changed from 3.04% as of June 30, 2015 to 3.08% as of June 30, 2016. The salary increases changed from 2.15% - 4.40% for 2012 – 2021 to 1.65%-4.15% through 2026 and from 3.15%-5.40% thereafter to 2.65%-5.15% thereafter.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Assumptions (Cont'd)

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

BUDGETARY COMPARISON SCHEDULES

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 14,954,858		\$ 14,954,858	\$ 14,954,858	
Tuition - Other Leas within the State	40,000		40,000	8,180	\$ (31,820)
Tuition - Individuals	36,000		36,000	118,507	82,507
Unrestricted Miscellaneous Revenue	59,000		59,000	60,373	1,373
Total - Local Sources	<u>15,089,858</u>		<u>15,089,858</u>	<u>15,141,918</u>	<u>52,060</u>
State Sources:					
Transportation Aid	46,676		46,676	46,676	
Special Education Aid	500,756		500,756	500,756	
Security Aid	15,093		15,093	15,093	
PARCC Readiness Aid	8,530		8,530	8,530	
Per Pupil Growth Aid	8,530		8,530	8,530	
Extraordinary Aid				218,502	218,502
Professional Learning Community Aid	8,410		8,410	8,410	
School Choice Aid	202,770		202,770	202,770	
Host District Support Aid	2,856		2,856	2,856	
Non Public Transportation				10,166	10,166
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				428,346	428,346
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				15,520	15,520
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				987	987
TPAF Post Retirement (On-Behalf - Non-Budgeted)				369,842	369,842
TPAF Social Security (Reimbursed - Non-Budgeted)				346,836	346,836
Total State Sources	<u>793,621</u>		<u>793,621</u>	<u>2,183,820</u>	<u>1,390,199</u>
TOTAL REVENUE	<u>15,883,479</u>		<u>15,883,479</u>	<u>17,325,738</u>	<u>1,442,259</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 263,261	\$ 28,252	\$ 291,513	\$ 287,199	\$ 4,314
Grades 1-5 - Salaries of Teachers	1,556,975	(27,308)	1,529,667	1,529,667	
Grades 6-8 - Salaries of Teachers	1,150,881	108,819	1,259,700	1,259,700	
Regular Programs - Home Instruction:					
Salaries of Teachers	7,822		7,822		7,822
Purchased Professional and Education Services	2,000		2,000		2,000
Regular Programs - Undistributed Instruction:					
Purchased Professional - Technical Services	55,000	(10,461)	44,539	34,176	10,363
General Supplies	299,511	13,420	312,931	254,069	58,862
Textbooks	70,000	(27,764)	42,236	30,742	11,494
Total Regular Programs - Instruction	3,405,450	84,958	3,490,408	3,395,553	94,855
Special Education - Instruction:					
Multiple Disabilities:					
Other Salaries for Instruction	57,905		57,905	57,905	
General Supplies	14,818	133	14,951	14,951	
Total Multiple Disabilities	72,723	133	72,856	72,856	
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	826,753	(44,262)	782,491	775,383	7,108
Other Salaries for Instruction	180,674		180,674	179,610	1,064
General Supplies	4,250	(161)	4,089	2,220	1,869
Total Resource Room/Resource Center	1,011,677	(44,423)	967,254	957,213	10,041

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Preschool Disabilities - Full-Time:					
Salaries of Teachers	\$ 111,810	\$ (5,000)	\$ 106,810	\$ 68,294	\$ 38,516
Other Salaries for Instruction	93,851	5,161	99,012	99,012	
General Supplies	1,400	(17)	1,383	1,062	321
Total Preschool Disabilities - Full-Time	207,061	144	207,205	168,368	38,837
Total Special Education - Instruction	1,291,461	(44,146)	1,247,315	1,198,437	48,878
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	85,433		85,433	74,404	11,029
General Supplies	1,250		1,250	500	750
Total Basic Skills/Remedial - Instruction	86,683		86,683	74,904	11,779
Bilingual Education - Instruction:					
Salaries for Teachers	29,555	1,879	31,434	30,571	863
General Supplies	750		750		750
Total Bilingual Education - Instruction	30,305	1,879	32,184	30,571	1,613
School-Sponsored Cocurricular - Instruction:					
Salaries	46,959	25,909	72,868	72,868	
Purchased Services (300-500 series)	700	(400)	300	300	
Supplies and Materials	10,875	(4,240)	6,635	6,635	
Total School-Sponsored Cocurricular - Instruction	58,534	21,269	79,803	79,803	

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 56,936	\$ (7,576)	\$ 49,360	\$ 49,360	
Supplies and Materials	5,700	(563)	5,137	5,137	
Other Object	2,675	(500)	2,175	2,175	
Transfers to Cover Deficit (Agency Funds)	5,600		5,600	5,600	
Total School-Sponsored Cocurricular Athletics - Instruction	<u>70,911</u>	<u>(8,639)</u>	<u>62,272</u>	<u>62,272</u>	
Total Instruction	<u>4,943,344</u>	<u>55,321</u>	<u>4,998,665</u>	<u>4,841,540</u>	<u>\$ 157,125</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	2,945,984		2,945,984	2,945,984	
Tuition to Other LEAs Within the State - Special	483,164	(205,033)	278,131	271,422	6,709
Tuition to County Vocational School District - Regular	39,820	30,500	70,320	63,470	6,850
Tuition to Private Schools for the Handicapped - Within State	1,113,806	169,743	1,283,549	1,231,782	51,767
Total Undistributed Expenditures - Instruction	<u>4,582,774</u>	<u>(4,790)</u>	<u>4,577,984</u>	<u>4,512,658</u>	<u>65,326</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 141,354	\$ 350	\$ 141,704	\$ 141,704	
Purchased Professional and Technical Services	7,000	11,119	18,119	18,100	\$ 19
Supplies and Materials	3,909		3,909	3,596	313
Total Health Services	152,263	11,469	163,732	163,400	332
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	59,704	1,991	61,695	61,695	
Purchased Professional - Educational Services	407,966	(81,985)	325,981	296,100	29,881
Supplies and Materials	1,677	(1)	1,676	1,114	562
Total Other Support Services - Speech, OT, PT and Related Services	469,347	(79,995)	389,352	358,909	30,443
Other Support Services - Students - Extraordinary Services:					
Salaries	28,768	1	28,769	28,769	
Total Other Support Services - Students - Extraordinary Services	28,768	1	28,769	28,769	
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	97,844		97,844	97,844	
Purchased Professional - Educational Services	9,101		9,101	5,443	3,658
Other Purchased Services (400 - 500 series)	11,000		11,000	9,945	1,055
Supplies and Materials	750		750	305	445
Total Other Support Services - Students - Guidance	118,695		118,695	113,537	5,158

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Other Support Services - Students - Child Study Team:					
Salaries of Other Professional Staff	\$ 198,943	\$ 2,214	\$ 201,157	\$ 201,157	
Salaries of Secretarial and Clerical Assistants	40,000	1,000	41,000	41,000	
Purchased Professional - Educational Services	151,696	(15,076)	136,620	123,258	\$ 13,362
Supplies and Materials	7,500		7,500	6,497	1,003
Total Other Support Services - Students - Child Study Team	398,139	(11,862)	386,277	371,912	14,365
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	152,340		152,340	142,562	9,778
Salaries of Other Professional Staff	57,125	(3,563)	53,562	51,881	1,681
Purchased Professional Education Services	368		368	275	93
Supplies and Materials	1,000		1,000		1,000
Total Improvement of Instructional Services	210,833	(3,563)	207,270	194,718	12,552
Educational Media Services/School Library:					
Salaries	100,397		100,397	100,397	
Salaries of Technology Coordinators	55,747	13,291	69,038	69,038	
Purchased Professional and Technical Services	7,366	(791)	6,575	6,100	475
Other Purchased Services (400-500 Series)	16,890		16,890	11,831	5,059
Supplies and Materials	15,750		15,750	12,665	3,085
Total Educational Media Services/School Library	196,150	12,500	208,650	200,031	8,619
Instructional Staff Training Services:					
Purchased Professional and Technical Services	20,000	11,000	31,000	19,073	11,927
Other Purchased Services (400-500 series)	16,579	(2,600)	13,979	12,060	1,919
Total Instructional Staff Training Services	36,579	8,400	44,979	31,133	13,846

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Support Services - General Administration:					
Salaries	\$ 257,640		\$ 257,640	\$ 239,625	\$ 18,015
Legal Services	25,000	7,960	32,960	28,186	4,774
Audit Fees	29,500		29,500	29,500	
Architectural/Engineering Fees	30,500	(12,795)	17,705	2,207	15,498
Other Purchased Services	19,900	18,718	38,618	37,095	1,523
Communications/Telephone	95,000	(30,000)	65,000	62,978	2,022
BOE Other Purchased Professional Services	8,200	(3,551)	4,649	3,049	1,600
Other Purchased Services (400-500 series)	6,750	851	7,601	6,613	988
General Supplies	2,832		2,832	1,253	1,579
BOE In-House Training/ Meeting Supplies	3,215		3,215	1,169	2,046
Miscellaneous Expenditures	6,700		6,700	3,190	3,510
BOE Membership Dues and Fees	8,500		8,500	8,303	197
Total Support Services - General Administration	<u>493,737</u>	<u>(18,817)</u>	<u>474,920</u>	<u>423,168</u>	<u>51,752</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	194,366	4,375	198,741	198,741	
Salaries of Secretarial and Clerical Assistants	125,099	3,500	128,599	127,099	1,500
Other Purchased Services (400-500 series)	4,500		4,500	1,305	3,195
Supplies and Materials	8,602	1,006	9,608	8,538	1,070
Other Objects	3,625		3,625	1,824	1,801
Total Support Services - School Administration	<u>336,192</u>	<u>8,881</u>	<u>345,073</u>	<u>337,507</u>	<u>7,566</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Central Services:					
Salaries	\$ 268,794		\$ 268,794	\$ 248,651	\$ 20,143
Purchased Technical Services	17,322	\$ 1,707	19,029	18,736	293
Miscellaneous Purchased Services (400-500 series)	3,000	447	3,447	3,447	
Supplies and Materials	6,678	(351)	6,327	5,602	725
Other Objects	1,500	350	1,850	1,600	250
Total Central Services	297,294	2,153	299,447	278,036	21,411
Administrative Information Technology:					
Purchased Technical Services	11,000	(181)	10,819	8,344	2,475
Other Purchased Services (400-500 Series)	5,000		5,000	905	4,095
Supplies and Materials	5,000		5,000	2,504	2,496
Total Administrative Information Technology	21,000	(181)	20,819	11,753	9,066
Required Maintenance of School Facilities:					
Salaries	118,720		118,720	118,720	
Cleaning, Repair and Maintenance Services	146,804	(1,605)	145,199	142,469	2,730
General Supplies	25,110	(1,000)	24,110	24,092	18
Other Objects	3,600	950	4,550	3,927	623
Total Required Maintenance of School Facilities	294,234	(1,655)	292,579	289,208	3,371

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	\$ 4,000		\$ 4,000	\$ 4,000	
General Supplies	4,000		4,000	3,252	\$ 748
Total Care and Upkeep of Grounds	8,000		8,000	7,252	748
Security:					
Cleaning, Repair, and Maintenance Services	6,800		6,800	3,925	2,875
General Supplies	2,000		2,000		2,000
Total Security	8,800		8,800	3,925	4,875
Custodial Services:					
Salaries	377,878	\$ 1,705	379,583	366,701	12,882
Cleaning, Repairs, and Maintenance Services	4,000		4,000	786	3,214
Rental of Land & Building Other Than Lease Purch. Agreements	37,000	(6,249)	30,751	30,000	751
Other Purchased Property Services	11,359	(150)	11,209	5,637	5,572
Insurance	68,628	2,409	71,037	71,028	9
Miscellaneous Purchased Services	41,727	340	42,067	40,007	2,060
General Supplies	52,846	(7,000)	45,846	23,926	21,920
Energy (Natural Gas)	85,198		85,198	35,822	49,376
Energy (Electricity)	234,487	(10,000)	224,487	179,157	45,330
Energy (Gasoline)	4,362		4,362	84	4,278
Total Custodial Services	917,485	(18,945)	898,540	753,148	145,392
Student Transportation Services:					
Contracted Services: Other Between Home and School - Vendors	54,765	(10,700)	44,065	40,362	3,703
Contracted Services: Between Home and School - Joint Agreement	14,098	7,900	21,998	20,517	1,481

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Student Transportation Services: (Cont'd):					
Contracted Services: Regular Students - ESC's	\$ 268,045	\$ 173,958	\$ 442,003	\$ 433,736	\$ 8,267
Contracted Services: Special Education Students - ESC's	396,278	(69,195)	327,083	293,435	33,648
Contracted Services: Aid in Lieu of Payments - Non Public Schools	51,650	17,866	69,516	63,805	5,711
Miscellaneous Purchased Services - Transportation	3,800		3,800	910	2,890
Supplies and Materials	500		500		500
Total Student Transportation Services	789,136	119,829	908,965	852,765	56,200
Unallocated Benefits:					
Social Security Contribution	137,874	5,000	142,874	141,636	1,238
Other Retirement Contributions - PERS	125,000	6,968	131,968	130,581	1,387
Unemployment Compensation	40,000	(11,455)	28,545		28,545
Workmen's Compensation	70,000	(6,700)	63,300	54,144	9,156
Health Benefits	1,510,026	(24,734)	1,485,292	1,418,665	66,627
Tuition Reimbursement	40,000		40,000	31,091	8,909
Other Employee Benefits	64,000	(14,168)	49,832	32,804	17,028
Total Unallocated Benefits	1,986,900	(45,089)	1,941,811	1,808,921	132,890
On-Behalf Contributions:					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				428,346	(428,346)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				15,520	(15,520)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				987	(987)
TPAF Post Retirement (On-Behalf - Non-Budgeted)				369,842	(369,842)
TPAF Social Security (Reimbursed - Non-Budgeted)				346,836	(346,836)
Total On-Behalf Contributions				1,161,531	(1,161,531)
Total Undistributed Expenditures	11,346,326	(21,664)	11,324,662	11,902,281	(577,619)
TOTAL CURRENT EXPENSE	16,289,670	33,657	16,323,327	16,743,821	(420,494)

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY:					
Equipment:					
Undistributed Expenditures - Care and Upkeep of Grounds	\$ 54,850	\$ 2,407	\$ 57,257	\$ 28,058	\$ 29,199
Total Equipment	54,850	2,407	57,257	28,058	29,199
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services	31,800		31,800	3,519	28,281
Construction Services	226,527		226,527	151,835	74,692
Other Objects - Debt Service Assessment	56,562		56,562	56,562	
Total Facilities Acquisition and Construction Services	314,889		314,889	211,916	102,973
Total Capital Outlay	369,739	2,407	372,146	239,974	132,172
Transfer Funds to Charter Schools	92,960		92,960	92,960	
TOTAL EXPENDITURES	<u>16,752,369</u>	<u>36,064</u>	<u>16,788,433</u>	<u>17,076,755</u>	<u>(288,322)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(868,890)	(36,064)	(904,954)	248,983	1,153,937

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources/ (Uses):					
Transfer to Capital Projects Fund From Capital Reserve	\$ (758,000)		\$ (758,000)	\$ (604,986)	\$ 153,014
Transfer from Capital Projects Fund to Capital Reserve				165,391	165,391
Total Other Financing Sources/ (Uses)	<u>(758,000)</u>		<u>(758,000)</u>	<u>(439,595)</u>	<u>318,405</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(110,890)	\$ (36,064)	(1,662,954)	(190,612)	1,472,342
Fund Balance, July 1	3,631,352		3,631,352	3,631,352	
Fund Balance, June 30	<u>\$ 3,520,462</u>	<u>\$ (36,064)</u>	<u>\$ 1,968,398</u>	<u>\$ 3,440,740</u>	<u>\$ 1,472,342</u>
<u>Recapitulation:</u>					
<u>Restricted:</u>					
Capital Reserve				\$ 772,537	
Excess Surplus - Designated for Subsequent Year's Expenditures				716,983	
Excess Surplus				753,044	
Tuition Reserve Designated for 2017-2018 Budget				300,000	
Maintenance Reserve				25,000	
<u>Assigned:</u>					
Designated for Subsequent Year's Expenditures				160,779	
Year End Encumbrances				153,325	
Unassigned Fund Balance				559,072	
				<u>3,440,740</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis			(70,505)		
Fund Balances per Governmental Funds (GAAP)			<u>\$ 3,370,235</u>		

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources	\$ 24,612	\$ 2,437	\$ 27,049	\$ 13,386	\$ (13,663)
Federal Sources	130,174	37,121	167,295	167,295	
Total Revenue	154,786	39,558	194,344	180,681	(13,663)
Expenditures:					
Instruction:					
Salaries of Teachers		4,068	4,068	4,068	
Purchased Professional/Technical Services	11,146	2,239	13,385	13,385	
Other Purchased Services	119,028	26,730	145,758	145,758	
General Supplies	24,612	5,463	30,075	16,412	13,663
Total Instruction	154,786	38,500	193,286	179,623	13,663
Support Services:					
Employee Benefits		1,058	1,058	1,058	
Total Support Services		1,058	1,058	1,058	
Total Expenditures	\$ 154,786	\$ 39,558	\$ 194,344	\$ 180,681	\$ 13,663

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 17,325,738	\$ 180,681
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		
Current Year Encumbrances		(4,751)
Prior Year Encumbrances		4,286
Prior Year State Aid Payment Recognized for GAAP Statements	67,765	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(70,505)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 17,322,998</u>	<u>\$ 180,216</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 17,076,755	\$ 180,681
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		
Current Year Encumbrances		(4,751)
Prior Year Encumbrances		4,286
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 17,076,755</u>	<u>\$ 180,216</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. 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 referenced in N.J.A.C. 6:20-2A.2(m)l. Appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The General Fund budgetary revenue differs from the GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Local Grants	No Child Left Behind	
		Title I	Title IIA
REVENUE:			
Local Sources	\$ 13,386		
Federal Sources		\$ 8,152	\$ 13,385
Total Revenue	13,386	8,152	13,385
EXPENDITURES:			
Instruction:			
Salaries of Teachers		4,068	
Purchased Professional/Technical Services			13,385
Other Purchased Services			
General Supplies	13,386	3,026	
Total Instruction	13,386	7,094	13,385
Support Services:			
Employee Benefits		1,058	
Total Support Services		1,058	
Total Expenditures	\$ 13,386	\$ 8,152	\$ 13,385

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	IDEA		Totals
	Part B	Preschool	
REVENUE:			
Local Sources			\$ 13,386
Federal Sources	\$ 140,050	\$ 5,708	167,295
Total Revenue	140,050	5,708	180,681
EXPENDITURES:			
Instruction:			
Salaries of Teachers			4,068
Purchased Professional/Technical Services			13,385
Other Purchased Services	140,050	5,708	145,758
General Supplies			16,412
Total Instruction	140,050	5,708	179,623
Support Services:			
Employee Benefits			1,058
Total Support Services			1,058
Total Expenditures	\$ 140,050	\$ 5,708	\$ 180,681

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOT APPLICABLE

CAPITAL PROJECTS FUND

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Revenue:	
Bond Proceeds	\$ 6,242,000
SDA Grant	(31,810)
Interest Earned	20,806
Total Revenues	<u>6,230,996</u>
Expenditures:	
Construction Services	<u>1,439,625</u>
Total Expenditures	<u>1,439,625</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	4,791,371
Other Financing Sources/(Uses):	
Transfers Out - Capital Reserve	(165,391)
Transfers In - Capital Reserve	604,986
Transfers Out - Debt Service Fund	<u>(20,806)</u>
Total Other Financing Sources/(Uses)	<u>418,789</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	5,210,160
Fund Balance - Beginning Balance	<u>197,201</u>
Fund Balance - Ending Balance	<u>\$ 5,407,361</u>
<u>Recapitulation:</u>	
Restricted - Encumbrances	\$ 112,239
Restricted Fund Balance	<u>5,295,122</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 5,407,361</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
ROOF REPLACEMENT AT BOROUGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
SDA Grant	\$ 144,379	\$ (31,810)	\$ 112,569	\$ 112,569
Transfer from Capital Reserve	263,800	(122,569)	141,231	141,231
Total Revenue and Other Financing Sources	408,179	(154,379)	253,800	253,800
Expenditures:				
Construction Services	253,800		253,800	253,800
Total Expenditures	253,800		253,800	253,800
Excess/Deficiency of Revenue and Other Financing Sources Over/Under Expenditures	\$ 154,379	\$ (154,379)	\$ -0-	\$ -0-

Additional Project Information:

Project Numbers	3380-020-14-1002
Grant Date	7/25/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 408,179
Cancelled SDA Grant	\$ (31,810)
Cancelled Transfer from Capital Reserve	\$ (122,569)
Revised Authorized Cost	\$ 253,800

Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	12/31/14
Revised Target Completion Date	12/31/16

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SITE IMPROVEMENTS AT MOUNTAIN WAY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
SDA Grant	\$ 14,420		\$ 14,420	\$ 14,420
Transfer from Capital Outlay	3,300		3,300	3,300
Transfer from Capital Reserve	54,125	\$ (28,142)	25,983	25,983
Total Revenue and Other Financing Sources	71,845	(28,142)	43,703	43,703
Expenditures:				
Construction Services	43,703		43,703	43,703
Total Expenditures	43,703		43,703	43,703
Excess/Deficiency of Revenue and Other Financing Sources Over/Under Expenditures	\$ 28,142	\$ (28,142)	\$ -0-	\$ -0-

Additional Project Information:

Project Numbers	3380-020-14-1003
Grant Date	7/25/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 71,845
Cancelled Transfer from Capital Reserve	(28,142)
Revised Authorized Cost	\$ 43,703
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	12/31/14
Revised Target Completion Date	12/31/16

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SITE IMPROVEMENTS AT BOROUGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
SDA Grant	\$ 14,680	\$	\$ 14,680	\$ 14,680
Transfer from Capital Reserve	41,375	(14,680)	26,695	26,695
Total Revenue and Other Financing Sources	56,055	(14,680)	41,375	41,375
Expenditures:				
Construction Services	41,375		41,375	41,375
Total Expenditures	41,375		41,375	41,375
Excess/Deficiency of Revenue and Other Financing Sources Over/Under Expenditures	\$ 14,680	\$ (14,680)	\$ -0-	\$ -0-

Additional Project Information:

Project Numbers	3380-020-14-1001
Grant Date	7/25/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 56,055
Cancelled Transfer from Capital Reserve	(14,680)
Revised Authorized Cost	\$ 41,375

Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	12/31/15
Revised Target Completion Date	12/31/16

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SECURITY VESTIBULES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 604,986	\$ 604,986	\$ 604,986
Total Revenue and Other Financing Sources		604,986	604,986	604,986
Expenditures:				
Construction Services		604,986	604,986	604,986
Total Expenditures		604,986	604,986	604,986
Excess/Deficiency of Revenue and Other Financing Sources Over/Under Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 758,000
Cancelled Transfer from Capital Reserve	(153,014)
Revised Authorized Cost	\$ 604,986

Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	06/30/17

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
2017 REFERENDUM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Bond Proceeds	\$	6,242,000	\$ 6,242,000	\$ 6,242,000
Total Revenue and Other Financing Sources		6,242,000	6,242,000	6,242,000
Expenditures:				
Construction Services		834,639	834,639	6,242,000
Total Expenditures		834,639	834,639	6,242,000
Excess/Deficiency of Revenue and Other Financing Sources Over/Under Expenditures	\$ -0-	\$ 5,407,361	\$ 5,407,361	\$ -0-

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
Bond Authorization Date	9/27/2016
Bonds Authorized	\$ 6,242,000
Additional Bonds Authorized	N/A
Bonds Issued	\$ 6,242,000
Original Authorized Cost	\$ 6,242,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	13.37%
Original Target Completion Date	06/30/18

PROPRIETARY FUNDS

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 3,601
Intergovernmental Accounts Receivable:	
Federal	1,628
State	84
Interfund Accounts Receivable:	
General Fund	3,985
Inventories	3,893
	<hr/>
Total Current Assets	13,191
	<hr/>

Non-Current Assets:

Capital Assets, Net of Depreciation	
Depreciable Furniture and Equipment	23,412
	<hr/>
Total Non-Current Assets	23,412
	<hr/>

Total Assets

36,603

LIABILITIES:

Current Liabilities:

Unearned Revenue	2,477
	<hr/>
Total Current Liabilities	2,477
	<hr/>

NET POSITION:

Investment in Capital Assets	23,412
Unrestricted	10,714
	<hr/>
Total Net Position	\$ 34,126
	<hr/> <hr/>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 78,999
Daily Sales - Non-Reimbursable Programs	3,292
	<hr/>
Total Operating Revenue	82,291
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	41,765
Cost of Sales - Non-Reimbursable Programs	1,740
Salaries, Benefits & Payroll Taxes	47,379
Supplies, Insurance & Other Costs	936
Management Fee	8,000
Depreciation Expense	5,226
	<hr/>
Total Operating Expenses	105,046
	<hr/>
Operating Loss	(22,755)
Non-Operating Income:	
Local Sources:	
Interest Income	82
State Sources:	
State School Lunch Program	1,107
Federal Sources:	
National School Lunch Program	19,924
Food Distribution Program	10,904
	<hr/>
Total Non-Operating Income	32,017
	<hr/>
Change in Net Position	9,262
Net Position - Beginning of Year	24,864
	<hr/>
Net Position - End of Year	\$ 34,126
	<hr/> <hr/>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 82,191
Payments to Employees	(47,379)
Payments to Food Service Vendor	(39,269)
Payments to Suppliers	(3,220)
	<hr/>
Net Cash Used for Operating Activities	(7,677)
	<hr/>
Cash Flows Provided for Investing Activities:	
Local Sources:	
Interest Income	82
	<hr/>
Net Cash Provided by Investing Activities	82
	<hr/>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(13,526)
	<hr/>
Net Cash Used for Capital and Related Financing Activities	(13,526)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	1,089
Federal Sources:	
National School Lunch Program	19,218
	<hr/>
Net Cash Provided by Noncapital Financing Activities	20,307
	<hr/>
Net Decrease in Cash and Cash Equivalents	(814)
Cash and Cash Equivalents, July 1	4,415
	<hr/>
Cash and Cash Equivalents, June 30	\$ 3,601
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (22,755)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	5,226
Food Distribution Program	10,904
Changes in Assets and Liabilities:	
Decrease in Inventory	368
(Increase) in Interfund Accounts Receivable	(100)
(Decrease) in Unearned Revenue	(77)
(Decrease) in Accounts Payable	(1,243)
	<hr/>
Net Cash Used for Operating Activities	\$ (7,677)
	<hr/> <hr/>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities through the Food Distribution Program valued at \$10,827 and Utilized Commodities Valued at \$10,904.

FIDUCIARY FUNDS

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Agency Funds</u>		<u>Totals</u>	<u>Unemployment Compensation Trust Fund</u>
	<u>Payroll</u>	<u>Student Activity</u>		
ASSETS:				
Cash and Cash Equivalents	\$ 327,799	\$ 55,418	\$ 383,217	\$ 136,113
Interfund Receivable Fund Payroll Agency				62,074
Total Assets	<u>327,799</u>	<u>55,418</u>	<u>383,217</u>	<u>198,187</u>
LIABILITIES:				
Payroll Deductions and Withholdings	5,150		5,150	
Accrued Salaries and Wages	260,575		260,575	
Due to Student Groups		44,124	44,124	
Interfund Payable General Fund		11,294	11,294	
Interfund Payable Unemployment Compensation Trust Fund	62,074		62,074	
Total Liabilities	<u>327,799</u>	<u>55,418</u>	<u>383,217</u>	
NET POSITION:				
Held in Trust for Unemployment Claims				198,187
	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 198,187</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Unemployment Compensation Trust Fund</u>	<u>Totals</u>
Additions:		
Contributions:		
Employee Contributions	\$ 11,276	\$ 11,276
Total Contributions	11,276	11,276
Investment Earnings:		
Interest	637	637
Net Investment Earnings	637	637
Total Additions	11,913	11,913
Deductions		
Unemployment Compensation Claims	23,298	23,298
Total Deductions	23,298	23,298
Change in Net Position	(11,385)	(11,385)
Net Position - Beginning of the Year	209,572	209,572
Net Position - End of the Year	\$ 198,187	\$ 198,187

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 53,387	\$ 118,461	\$ 116,430	\$ 55,418
Total Assets	<u>\$ 53,387</u>	<u>\$ 118,461</u>	<u>\$ 116,430</u>	<u>\$ 55,418</u>
<u>LIABILITIES:</u>				
Liabilities:				
Interfund Payable General Fund	\$ 11,294			\$ 11,294
Due to Student Groups	42,093	\$ 118,461	\$ 116,430	44,124
Total Liabilities	<u>\$ 53,387</u>	<u>\$ 118,461</u>	<u>\$ 116,430</u>	<u>\$ 55,418</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Student Activities Account	\$ 38,304	\$ 112,783	\$ 111,756	\$ 39,331
Referee Account	<u>3,789</u>	<u>5,678</u>	<u>4,674</u>	<u>4,793</u>
Total All School Accounts	<u>\$ 42,093</u>	<u>\$ 118,461</u>	<u>\$ 116,430</u>	<u>\$ 44,124</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 269,616	\$ 7,626,925	\$ 7,568,742	\$ 327,799
Total Assets	<u>\$ 269,616</u>	<u>\$ 7,626,925</u>	<u>\$ 7,568,742</u>	<u>\$ 327,799</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 3,601	\$ 7,350,428	\$ 7,348,879	\$ 5,150
Accrued Salaries and Wages	215,217	260,575	215,217	260,575
Interfund Payable Unemployment Compensation Trust Fund	<u>50,798</u>	<u>15,922</u>	<u>4,646</u>	<u>62,074</u>
Total Liabilities	<u>\$ 269,616</u>	<u>\$ 7,626,925</u>	<u>\$ 7,568,742</u>	<u>\$ 327,799</u>

LONG-TERM DEBT

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2016	Issued	Retired or Matured	Balance June 30, 2017
			Date	Amount					
Refunding School Bonds	06/01/11	\$ 4,470,000	02/15/18	\$ 400,000	5.000%				
			02/15/19	420,000	5.000%				
			02/15/20	425,000	5.000%				
			02/15/21	425,000	5.000%				
			02/15/22	435,000	5.000%				
			02/15/23	450,000	5.000%	\$ 2,945,000		\$ 390,000	\$ 2,555,000
Various Improvements to Borough Schools	12/15/16	6,242,000	07/15/17	322,000	2.500%				
			07/15/18	345,000	2.500%				
			07/15/19	355,000	3.000%				
			07/15/20	370,000	3.000%				
			07/15/21	380,000	3.000%				
			07/15/22	390,000	3.000%				
			07/15/23	400,000	3.000%				
			07/15/24	415,000	3.000%				
			07/15/25	425,000	3.000%				
			07/15/26	440,000	3.000%				
			07/15/27	450,000	3.000%				
			07/15/28	465,000	3.125%				
			07/15/29	480,000	3.125%				
		07/15/30	495,000	3.250%					
		07/15/31	510,000	3.250%					
						\$ 6,242,000		6,242,000	
						\$ 2,945,000	\$ 390,000	\$ 8,797,000	

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 533,350		\$ 533,350	\$ 533,350	
Total Revenues	533,350		533,350	533,350	
EXPENDITURES:					
Regular Debt Service:					
Interest	143,350		143,350	143,350	
Redemption of Principal	390,000		390,000	390,000	
Total Regular Debt Service	533,350		533,350	533,350	
Total Expenditures	533,350		533,350	533,350	
Other Financing Sources:					
Transfers In - Capital Projects Fund				20,806	\$ 20,806
Total Other Financing Sources				20,806	20,806
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures				20,806	20,806
Fund Balance, July 1	-0-	-0-	-0-	-0-	-0-
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ 20,806	\$ 20,806
<u>Recapitulation:</u>					
Restricted Fund Balance				\$ 20,806	\$ 20,806

STATISTICAL SECTION
UNAUDITED

This part of the School's comprehensive annual 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 School's overall financial health.

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$ 10,319,214	\$ 10,613,787	\$ 10,718,823	\$ 10,945,202	\$ 11,179,959	\$ 11,296,836	\$ 11,443,546	\$ 11,962,473	\$ 12,246,143	\$ 12,692,104
Restricted	1,029,674	785,968	964,132	1,069,956	1,400,007	1,513,176	1,758,329	2,471,676	2,954,975	2,588,370
Unrestricted/(Deficit)	436,334	281,108	115,447	166,853	86,182	285,399	(1,600,072)	(2,108,562)	(2,251,451)	(2,415,185)
Total Governmental Activities Net Position	\$ 11,785,222	\$ 11,680,863	\$ 11,798,402	\$ 12,182,011	\$ 12,666,148	\$ 13,095,411	\$ 11,601,803	\$ 12,325,587	\$ 12,949,667	\$ 12,865,289
Business-Type Activities										
Investment in Capital Assets	\$ 24,313	\$ 19,620	\$ 17,273	\$ 22,767	\$ 31,471	\$ 27,197	\$ 23,318	\$ 18,652	\$ 15,112	\$ 23,412
Unrestricted	13,807	17,637	20,230	18,045	8,455	7,608	14,108	12,919	9,752	10,714
Total Business-Type Activities Net Position	\$ 38,120	\$ 37,257	\$ 37,503	\$ 40,812	\$ 39,926	\$ 34,805	\$ 37,426	\$ 31,571	\$ 24,864	\$ 34,126
District-Wide/(Deficit)										
Net Investment in Capital Assets	\$ 10,343,527	\$ 10,633,407	\$ 10,736,096	\$ 10,967,969	\$ 11,211,430	\$ 11,324,033	\$ 11,466,864	\$ 11,981,125	\$ 12,261,255	\$ 12,715,516
Restricted	1,029,674	785,968	964,132	1,069,956	1,400,007	1,513,176	1,758,329	2,471,676	2,954,975	2,588,370
Unrestricted/(Deficit)	450,141	298,745	135,677	184,898	94,637	293,007	(1,585,964)	(2,095,643)	(2,241,699)	(2,404,471)
Total District Net Position	\$ 11,823,342	\$ 11,718,120	\$ 11,835,905	\$ 12,222,823	\$ 12,706,074	\$ 13,130,216	\$ 11,639,229	\$ 12,357,158	\$ 12,974,531	\$ 12,899,415

Source: School District Financial Reports

MORRIS PLAINS BOROUGH SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 4,559,958	\$ 4,049,319	\$ 4,269,963	\$ 4,232,330	\$ 4,439,994	\$ 4,509,210	\$ 4,443,456	\$ 5,168,959	\$ 5,904,917	\$ 6,309,797
Special Education	1,179,653	995,243	1,125,062	1,100,359	1,265,917	1,372,828	1,387,168	1,880,116	2,033,797	2,441,312
Other Instruction	249,882	202,323	335,936	322,630	270,553	333,603	277,576	308,633	438,998	458,758
Support Services:										
Tuition	3,858,451	4,181,420	4,826,292	4,727,528	4,664,999	4,813,104	4,673,662	4,727,473	4,319,777	4,512,658
Student & Instruction Related Services	1,129,591	1,201,566	1,220,097	1,175,150	1,188,869	1,384,421	1,477,922	1,467,110	1,669,864	1,749,831
General and Business Administrative Services	721,874	542,243	426,239	481,711	493,717	483,959	361,504	372,336	431,732	492,622
School Administrative Services	517,965	367,020	444,043	370,046	405,968	418,865	458,597	539,080	565,157	684,924
Central Services		185,678	258,281	283,960	279,952	308,215	312,066	333,638	324,724	354,387
Administrative Information Technology		58,657	81,384	91,132	93,331	10,192	32,286	30,863	7,194	11,753
Plant Operations And Maintenance	1,641,977	1,579,350	1,113,391	1,068,762	1,053,227	1,018,900	1,148,966	1,143,834	1,101,142	1,208,502
Pupil Transportation	684,547	668,458	670,137	603,024	639,047	671,570	747,381	733,951	748,157	852,765
Interest On Long-Term Debt	247,344	227,126	226,002	166,676	160,090	171,249	152,529	140,297	125,363	210,353
Unallocated Depreciation		164,233	270,313	393,974	393,974	400,190	394,877	394,877	391,815	558,737
Capital Outlay		46,010		87,518	11,891	39,323	80,562	56,562	56,562	143,482
Charter Schools			6,531	32,871	34,320	46,868	57,404	37,483	66,386	92,960
Total Governmental Activities Expenses	14,791,242	14,468,646	15,273,671	15,137,671	15,395,849	15,982,497	16,005,956	17,335,212	18,185,585	20,082,841
Business-Type Activities:										
Food Service	148,960	136,784	126,331	128,083	129,804	129,107	134,253	128,552	119,095	105,046
Total Business-Type Activities Expense	148,960	136,784	126,331	128,083	129,804	129,107	134,253	128,552	119,095	105,046
Total District Expenses	\$ 14,940,202	\$ 14,605,430	\$ 15,400,002	\$ 15,265,754	\$ 15,525,653	\$ 16,111,604	\$ 16,140,209	\$ 17,463,764	\$ 18,304,680	\$ 20,187,887

MORRIS PLAINS BOROUGH SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Continued)

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)				\$ 54,992	\$ 52,753	\$ 74,290	\$ 63,807	\$ 73,704	\$ 175,851	\$ 126,687
Operating Grants and Contributions	\$ 2,101,152	\$ 1,300,457	\$ 1,421,747	1,061,940	1,312,184	1,595,296	1,470,035	2,428,623	2,910,463	3,688,320
Capital Grants and Contributions				17,244						141,669
Total Governmental Activities Program Revenues	2,101,152	1,300,457	1,421,747	1,134,176	1,364,937	1,669,586	1,533,842	2,502,327	3,086,314	3,956,676
Business-Type Activities:										
Charges for Services:										
Food Service	124,655	112,588	99,505	98,577	104,666	98,593	103,735	94,622	86,499	82,291
Operating Grants and Contributions	27,476	25,663	27,042	24,190	24,207	26,136	33,085	28,014	25,837	31,935
Total Business Type Activities Program Revenues	152,130	138,251	126,547	122,767	128,873	124,729	136,820	122,636	112,336	114,226
Total District Program Revenues	\$ 2,253,282	\$ 1,438,708	\$ 1,548,294	\$ 1,256,943	\$ 1,493,810	\$ 1,794,315	\$ 1,670,662	\$ 2,624,963	\$ 3,198,650	\$ 4,070,902
Net (Expense)/Revenue										
Governmental Activities	\$(12,690,090)	\$(13,168,189)	\$(13,851,924)	\$(14,003,495)	\$(14,030,912)	\$(14,312,911)	\$(14,472,114)	\$(14,832,885)	\$(15,099,271)	\$(16,126,165)
Business-Type Activities	3,170	1,467	216	(5,316)	(931)	(4,378)	2,567	(5,916)	(6,759)	9,180
Total District-Wide Net Expense	\$(12,686,920)	\$(13,166,722)	\$(13,851,708)	\$(14,008,811)	\$(14,031,843)	\$(14,317,289)	\$(14,469,547)	\$(14,838,801)	\$(15,106,030)	\$(16,116,985)

MORRIS PLAINS BOROUGH SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Continued)

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 11,647,426	\$ 12,142,867	\$ 12,863,163	\$ 13,377,690	\$ 13,645,244	\$ 13,884,036	\$ 14,161,717	\$ 14,444,951	\$ 14,661,625	\$ 14,954,858
Taxes Levied for Debt Service	323,900	580,844	579,794	578,419	576,359	545,458	529,312	543,350	538,550	533,350
Unrestricted Grants and Contributions	258,697	302,666	280,668	225,196	211,806	261,013	487,755	433,325	442,368	472,400
Investment Earnings	56,361	22,122	5,646	6,189	6,309	6,917	7,582	12,616	10,153	20,806
Miscellaneous Income	244,171	99,994	240,192	199,610	75,331	74,045	96,674	122,427	70,655	60,373
Total Governmental Activities	12,530,555	13,148,493	13,969,463	14,387,104	14,515,049	14,771,469	15,283,040	15,556,669	15,723,351	16,041,787
Business-Type Activities:										
Investment Earnings	20	15	30	38	45	44	54	61	52	82
Prior Year Adjustment- Capital Assets	4,695			8,587						
Total Business-Type Activities	4,715	15	30	8,625	45	44	54	61	52	82
Total District-Wide	\$ 12,535,270	\$ 13,148,508	\$ 13,969,493	\$ 14,395,729	\$ 14,515,094	\$ 14,771,513	\$ 15,283,094	\$ 15,556,730	\$ 15,723,403	\$ 16,041,869
Change in Net Position										
Governmental Activities	(159,535)	(19,696)	117,539	383,609	484,137	458,558	810,926	723,784	624,080	(84,378)
Business-Type Activities	7,885	1,482	246	3,309	(886)	(4,334)	2,621	(5,855)	(6,707)	9,262
Total District	\$ (151,650)	\$ (18,214)	\$ 117,785	\$ 386,918	\$ 483,251	\$ 454,224	\$ 813,547	\$ 717,929	\$ 617,373	\$ (75,116)

Source: School District Financial Reports

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved/Restricted	\$ 977,741	\$ 775,265	\$ 735,928	\$ 813,687	\$ 1,072,000	\$ 1,493,188	\$ 1,758,329	\$ 2,471,677	\$ 2,954,975	\$ 2,567,564
Assigned				246,627	298,377	184,901	191,621	427,209	168,030	314,104
Unassigned				479,655	428,254	494,360	535,244	246,366	440,582	488,567
Unreserved	488,979	421,216	459,203							
Total General Fund	\$ 1,466,720	\$ 1,196,481	\$ 1,195,131	\$ 1,539,969	\$ 1,798,631	\$ 2,172,449	\$ 2,485,194	\$ 3,145,252	\$ 3,563,587	\$ 3,370,235
All Other Governmental Funds										
Reserved/Restricted	\$ 142,250			\$ 9,642	\$ 29,630	\$ 19,988	\$ 336,800	\$ 32,500	\$ 23,722	\$ 5,428,167
Committed	8,605	10,703	9,641							
Unreserved, Reported In:										
Capital Projects Fund										
Total All Other Governmental Funds	\$ 150,855	\$ 10,703	\$ 9,641	\$ 9,642	\$ 29,630	\$ 19,988	\$ 336,800	\$ 32,500	\$ 23,722	\$ 5,428,167
Total Governmental Funds:										
Reserved/ Restricted	\$ 1,119,991	\$ 775,265	\$ 735,928	\$ 823,329	\$ 1,101,630	\$ 1,513,176	\$ 1,758,329	\$ 2,471,677	\$ 2,954,975	\$ 7,995,731
Committed							336,800	32,500	23,722	
Assigned				246,627	298,377	184,901	191,621	427,209	168,030	314,104
Unassigned				479,655	428,254	494,360	535,244	246,366	440,582	488,567
Unreserved	497,584	431,919	468,844							
Total Governmental Funds	\$ 1,617,575	\$ 1,207,184	\$ 1,204,772	\$ 1,549,611	\$ 1,828,261	\$ 2,192,437	\$ 2,821,994	\$ 3,177,752	\$ 3,587,309	\$ 8,798,402

Source: School District Financial Reports

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	\$ 12,218,670	\$ 12,723,711	\$ 13,442,957	\$ 13,956,110	\$ 14,221,603	\$ 14,429,494	\$ 14,691,029	\$ 14,988,301	\$ 15,200,175	\$ 15,488,208
Tuition Charges		2,294	92,473	54,992	52,753	74,290	63,807	73,704	175,851	126,687
Interest Earned on Capital Reserve Funds	56,361		607	53	388				88,357	94,100
Miscellaneous	244,171	119,822	153,258	205,744	83,252	103,855	142,204	165,823		
State Sources	1,937,493	1,417,231	1,432,387	1,009,750	1,282,664	1,641,810	1,734,024	1,806,254	1,976,083	2,322,749
Federal Sources	175,012	185,892	269,528	294,630	239,326	191,606	185,818	168,020	181,847	167,295
Total Revenue	14,631,707	14,448,950	15,391,210	15,521,279	15,879,986	16,441,055	16,816,882	17,202,102	17,622,313	18,199,039
Expenditures:										
Instruction:										
Regular Instruction	3,137,761	2,948,500	3,095,125	3,026,689	3,157,138	3,166,386	3,210,893	3,347,273	3,617,749	3,430,011
Special Education Instruction	858,031	895,991	789,081	770,877	885,580	988,009	1,055,349	1,201,399	1,232,179	1,344,195
School Sponsored/Other Instruction	175,681	143,014	234,922	225,724	186,422	234,836	201,554	194,545	259,094	247,550
Support Services:										
Tuition	3,858,450	4,181,420	4,826,292	4,727,528	4,664,999	4,813,104	4,673,662	4,727,473	4,319,777	4,512,658
Student & Instruction Related Services	853,676	1,059,566	1,080,772	1,022,735	1,056,089	1,232,260	1,304,286	1,446,812	1,462,409	1,462,409
General And Business Administrative Services	503,343	538,380	369,749	422,551	425,547	419,158	372,092	385,540	439,352	423,168
School Administrative Services	422,389	299,985	314,579	260,466	279,489	274,119	299,931	312,891	310,791	337,507
Central Services		170,678	208,588	226,259	221,484	249,871	254,551	276,511	259,958	278,036
Administrative Information Technology		48,657	68,039	77,263	77,861	10,192	32,286	30,863	7,194	11,753
Plant Operations And Maintenance	1,229,976	1,000,259	997,773	951,475	932,852	904,630	1,022,033	1,031,131	966,886	1,053,533
Pupil Transportation	663,478	668,458	665,145	593,533	630,096	662,831	747,381	733,667	748,157	852,765
Allocated and Unallocated Benefits	2,655,003	2,046,770	2,110,200	2,138,761	2,256,047	2,342,393	2,125,135	2,268,227	2,653,352	2,970,452
Debt Service:										
Principal	320,000	340,000	350,000	360,000	420,000	360,000	365,000	370,000	380,000	390,000
Interest And Other Charges	251,244	240,844	229,794	218,419	136,371	195,100	184,300	173,350	158,550	143,350
Capital Outlay	420,636	276,818	47,032	121,290	237,041	387,590	235,468	451,009	346,519	1,679,599
Charter Schools			6,531	32,871	34,320	46,868	57,404	37,483	66,386	92,960
Total Expenditures	15,349,669	14,859,340	15,393,622	15,176,441	15,601,336	16,287,347	16,187,325	16,846,344	17,212,756	19,229,946
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	(717,962)	(410,390)	(2,412)	344,838	278,650	153,708	629,557	355,758	409,557	(1,030,907)
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)						210,468				6,242,000
Bond Proceeds	11,913	1,559	633	35,549	336,800	336,800	336,800	25,800	25,800	791,183
Transfers In	(11,913)	(1,559)	(633)	(35,549)	(336,800)	(336,800)	(336,800)	(25,800)	(25,800)	(791,183)
Transfers Out										
Total Other Financing Sources (Uses)						210,468				6,242,000
Net Change In Fund Balances	\$ (717,962)	\$ (410,390)	\$ (2,412)	\$ 344,838	\$ 278,650	\$ 364,176	\$ 629,557	\$ 355,758	\$ 409,557	\$ 5,211,093
Debt Service As A Percentage Of Noncapital Expenditures	3.83%	3.98%	3.78%	3.84%	3.62%	3.49%	3.44%	3.31%	3.18%	3.03%

Source: School District Financial Reports

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Prior Year Refunds	Other	Total
2008	\$ 44,448			\$ 244,171	\$ 288,619
2009	20,563		\$ 10,940	90,613	122,116
2010	5,039		174,832	66,467	246,338
2011	6,189	\$ 54,992	187,469	9,999	258,649
2012	6,309	52,753	60,252	15,079	134,393
2013	6,917	74,290	67,507	6,538	155,252
2014	7,582	63,807	51,938	44,736	168,063
2015	12,616	73,704	98,519	23,908	208,747
2016	10,153	175,851	65,827	4,828	256,659
2017	14,222	126,687	31,050	15,101	187,060

Source: Morris Plains Borough School District records

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2007	\$ 4,862,500	\$ 455,050,570	\$ 252,773,800	\$ 52,005,000	\$ 10,412,600	\$ 775,104,470	\$ 35,893,200	\$ 1,032,234	\$ 776,136,704	\$ 1.546	\$ 1,616,945,306
2008	4,603,600	456,506,370	250,380,800	52,005,000	10,412,600	773,908,370	35,205,900	1,135,563	775,043,933	1.608	1,525,974,857
2009	* 12,890,400	855,574,700	505,011,300	88,640,000	21,950,000	1,484,066,400	66,386,400	2,305,926	1,486,372,326	0.879	1,598,593,596
2010	11,751,800	856,002,200	483,361,300	102,040,000	21,950,000	1,475,105,300	66,289,200	2,179,649	1,477,284,949	0.927	1,575,266,527
2011	9,854,500	851,279,500	471,785,300	95,040,000	21,950,000	1,449,909,300	66,296,900	2,179,649	1,452,088,949	0.970	1,562,806,186
2012	16,048,400	849,535,800	427,875,100	85,640,000	21,950,000	1,401,049,300	66,296,900	93	1,401,049,393	1.022	1,521,277,573
2013	10,647,500	868,739,400	410,971,500	59,415,000	21,950,000	1,371,723,400	66,845,600	93	1,371,723,493	1.062	1,481,912,270
2014	8,887,600	874,748,000	395,310,000	47,590,000	21,950,000	1,348,485,600	66,845,600	89	1,348,485,689	1.100	1,470,558,402
2015	9,046,500	874,850,100	389,508,600	47,590,000	21,950,000	1,342,945,200	64,684,000	89	1,342,945,289	1.124	1,470,558,402
2016	8,005,400	874,540,800	426,024,100	47,590,000	21,950,000	1,378,110,300	65,491,200	89	1,378,110,389	1.113	1,446,892,700

* Revaluation of Real Property effective in this year.

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 \$100 per assessed value

Source: Municipal Tax Assessor

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

Year Ended December 31,	Morris Plains Borough School District						Total Direct and Overlapping Tax Rate
	Direct Rate			Overlapping Rates			
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Municipality	Morris County		
2007	\$ 1.476	\$ 0.070	\$ 1.546	\$ 1.007	\$ 0.497	\$ 3.050	
2008	1.568	0.040	1.608	1.098	0.455	3.161	
2009	* 0.839	0.040	0.879	0.600	0.246	1.725	
2010	0.887	0.040	0.927	0.634	0.244	1.805	
2011	0.930	0.040	0.970	0.662	0.255	1.887	
2012	0.982	0.040	1.022	0.694	0.265	1.981	
2013	1.024	0.038	1.062	0.723	0.267	2.052	
2014	1.060	0.040	1.100	0.749	0.279	2.128	
2015	1.084	0.040	1.124	0.723	0.267	2.114	
2016	1.073	0.040	1.113	0.761	0.268	2.142	

* Revaluation of Real Property effective in this year.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation

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

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

Source: Municipal Tax Collector and School Business Administrator

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

BOROUGH OF MORRIS PLAINS

	2016		2007		Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer					
Honeywell International Inc		\$ 81,992,400	24.00%						
Mc Neil - PPC Inc Tax Dept		77,464,000	22.60%						
Morris Plains Holding UE L.L.C.		31,100,000	9.10%						
Mack-Cali Realty Corp		30,200,000	8.83%						
Individual Taxpayer #1		28,400,000	8.30%						
WU LH 100 American LLC		22,050,000	6.45%						
Forty East Hanover LLC		21,950,000	6.42%						
WU LH 500 American LLC		17,600,000	5.14%						
M&M At Morris Plains LLC		16,350,000	4.78%						
Stop & Shop Supermarket CO		15,000,000	4.38%						
Total		\$ 342,106,400	100.00%						

NOT AVAILABLE

Source: Municipal Tax Assessor

MORRIS PLAINS BOROUGH 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 ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 11,760,442	\$ 11,760,442	100.00%	-0-
2009	11,971,326	11,971,326	100.00%	-0-
2010	13,442,957	13,442,957	100.00%	-0-
2011	13,956,109	13,956,109	100.00%	-0-
2012	14,221,603	14,221,603	100.00%	-0-
2013	14,429,494	14,429,494	100.00%	-0-
2014	14,691,029	14,691,029	100.00%	-0-
2015	14,988,301	14,988,301	100.00%	-0-
2016	15,200,175	15,200,175	100.00%	-0-
2017	15,488,208	15,488,208	100.00%	-0-

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

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
2008	\$ 6,133,000		\$ 6,133,000	1.36%	1,014
2009	5,793,000		5,793,000	1.36%	956
2010	5,443,000		5,443,000	1.36%	983
2011	4,840,000		4,840,000	1.14%	872
2012	4,420,000		4,420,000	1.00%	788
2013	4,060,000	\$ 210,468	4,270,468	0.96%	759
2014	3,695,000	141,268	3,836,268	0.82%	682
2015	3,325,000	71,116	3,396,116	0.70%	604
2016	2,945,000	-0-	2,945,000	0.61%	527
2017	8,797,000	-0-	8,797,000	1.82%	1,573

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

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

Source: School District Financial Reports

MORRIS PLAINS BOROUGH 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 Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	\$ 6,133,000	-0-	\$ 6,133,000	0.79%	\$ 1,014
2009	5,793,000	-0-	5,793,000	0.75%	956
2010	5,443,000	-0-	5,443,000	0.70%	983
2011	4,840,000	-0-	4,840,000	0.33%	872
2012	4,420,000	-0-	4,420,000	0.30%	788
2013	4,060,000	-0-	4,060,000	0.28%	722
2014	3,695,000	-0-	3,695,000	0.26%	657
2015	3,325,000	-0-	3,325,000	0.24%	591
2016	2,945,000	-0-	2,945,000	0.22%	527
2017	8,797,000	-0-	8,797,000	0.66%	1,573

Note: Details regarding the district's outstanding debt can be found in the notes to the 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 for the prior calendar year.

Source: School District Financial Reports

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Borough of Morris Plains	\$ 19,008,619	100.00%	\$ 19,008,619
Morris County General Obligation Debt	221,180,986	1.71% ^a	<u>3,772,714</u>
Subtotal, Overlapping Debt			22,781,333
Morris Plains School District Direct Debt			<u>8,797,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 31,578,333</u></u>

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 Morris Plains Borough. This process recognizes that, when considering the District's ability to issue and repay long-term, 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 unit.

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

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.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2017	
	Morris Plains
Equalized valuation basis	Borough
2016	\$ 1,467,011,177
2015	1,409,176,495
2014	1,414,396,476
	<u>\$ 4,290,584,148</u>
Average Equalized Valuation of Taxable Property	
	<u>\$ 1,430,194,716</u>
	Debt Limit (3% of average equalization value) ^a
	\$ 42,905,841
	Net Bonded School Debt as of June 30, 2017
	8,797,000
	<u>\$ 34,108,841</u>

	Fiscal Year June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Debt Limit	\$ 46,931,058	\$ 46,800,483	\$ 47,423,602	\$ 47,291,046	\$ 46,330,438	\$ 43,973,935	\$ 43,973,935	\$ 43,328,464	\$ 42,905,841	
Total Net Debt Applicable to Limit	5,793,000	5,443,000	4,840,000	4,420,000	4,060,000	3,695,000	3,325,000	2,945,000	8,797,000	
Legal Debt Margin	<u>\$ 41,138,058</u>	<u>\$ 41,357,483</u>	<u>\$ 42,583,602</u>	<u>\$ 42,871,046</u>	<u>\$ 42,270,438</u>	<u>\$ 40,278,935</u>	<u>\$ 40,648,935</u>	<u>\$ 40,383,464</u>	<u>\$ 34,108,841</u>	
Total Net Debt Applicable to the Limit										
As a Percentage of Debt Limit	12.34%	11.63%	10.21%	9.35%	8.76%	9.35%	8.76%	6.80%	20.50%	

a Limit set by NJSA 18A:24-19 for a K through 8 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.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Personal Income ^b	Morris County Per Capita Personal Income ^c	Unemployment Rate ^d
2008	6,049	\$ 451,473,164	\$ 74,636	3.80%
2009	6,062	427,467,992	70,516	3.40%
2010	5,536	402,910,080	72,780	7.80%
2011	5,551	422,952,894	76,194	7.80%
2012	5,606	441,152,958	78,693	7.90%
2013	5,623	444,745,562	79,094	6.30%
2014	5,624	465,723,440	82,810	4.70%
2015	5,626	487,110,332	86,582	4.20%
2016	5,593	484,253,126	86,582 **	4.00%
2017	5,593 *	484,253,126 *	86,582 **	N/A

* - Latest population data available (2016) was used for calculation purposes.

** - Latest Morris County per capita personal income available (2015) was used for calculation purposes.

N/A - Information Unavailable

^a Population information provided by the NJ Dept of Labor and Workforce Development.

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development.

Source: School District Reports

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - MORRIS COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

COUNTY OF MORRIS

	2016		2007		Percentage of Total Employment
	Employer	Employees	Employer	Employees	
U.S. Army Aramament R&D		5,841	Novartis Corporation	5,631	N/A
Novartis		5,035	U.S. Army Aramament R&D	3,939	N/A
Atlantic Health System		4,463	Atlantic Health System	3,667	N/A
ADP		2,060	Cendant Corp.	3,006	N/A
Bayer Healthcare, LLC		1,900	Lucent Technologies	2,539	N/A
County of Morris		1,674	County of Morris	2,268	N/A
Wyndham Worldwide Corporation		1,653	Pfizer	2,250	N/A
St. Clare's		1,642	St. Clare's Health Services	2,128	N/A
BASF Corporation		1,500	Automated Data Processing	1,950	N/A
Accenture		1,480	Greystone Psychiatric	1,212	N/A
		<u>27,248</u>		<u>28,590</u>	<u>N/A</u>
Total Employment *		<u>257,024</u>		<u>N/A</u>	

* - Employment data provided by the NJ Department of Labor and Workforce Development

N/A - Not Available

Source: Morris County Treasurer's Office

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction:										
Regular	41.0	41.0	40.0	40.0	40.0	41.0	41.0	41.0	48.0	49.0
Special Education	19.0	14.0	11.0	23.0	23.0	22.0	22.0	29.0	28.0	29.0
Other Instruction	12.0	9.0	8.0	1.8	1.8			2.0	2.0	2.0
Support Services:										
Student & Instruction Related Services	7.0	6.5	6.0	7.0	7.0	7.0	7.0		7.0	7.5
School Administration Services	3.5	3.5	4.5	4.0	4.0	4.0	4.0	5.0	5.0	5.0
General Administration Services	2.0	2.0	2.0	4.0	4.0	4.0	4.0	7.0	7.0	7.0
Other Administrative Services				1.0	1.0					
Central Services	1.5	2.0	4.0	2.0	2.0	1.5	2.0	3.0	3.0	3.0
Other Support Services								0.5	0.5	0.5
Plant Operations and Maintenance	12.0	10.0	7.0	7.0	7.0	9.0	9.0	8.0	3.0	8.5
Pupil Transportation	1.0	1.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total	99.0	89.0	83.0	90.3	90.3	89.0	89.5	96.0	104.0	112.0

Source: District Personnel Records

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio Elementary	Average Daily		% Change in Average Daily Enrollment	Student Attendance Percentage
							Enrollment (ADE) ^c	Attendance (ADA) ^c		
2008	614.0	\$ 14,357,789	\$ 23,384	11.73%	72.0	1:8.5	621.0	594.4	0.81%	95.72%
2009	646.0	14,001,678	21,674	-7.31%	64.0	1:10.9	648.0	626.1	4.35%	96.62%
2010	644.0	14,766,796	22,930	5.79%	65.0	1:9.9	630.0	607.3	-2.78%	96.40%
2011	634.0	14,476,732	22,834	-0.42%	58.0	1:10.9	633.0	611.4	0.48%	96.59%
2012	628.0	14,807,924	23,579	3.27%	58.0	1:10.9	625.0	618.2	-1.26%	98.91%
2013	615.0	15,344,657	24,951	5.82%	57.0	1:10.9	612.0	590.4	-2.08%	96.47%
2014	638.0	15,402,557	24,142	-3.24%	58.0	1:10.9	638.0	612.9	4.25%	96.07%
2015	611.0	15,851,985	25,944	7.47%	64.0	1:10.9	612.0	581.8	-4.08%	95.06%
2016	575.0	16,327,687	28,396	9.45%	72.0	1:10.9	602.0	579.5	-1.63%	96.26%
2017	583.0	17,016,997	29,189	2.79%	80.0	1:10.9	574.6	560.3	-4.55%	97.51%

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

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 The cost per pupil calculated above is the sum of the operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

Source: Morris Plains Borough School District records

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Building</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mountain Way School (1969, 1985)										
Square Feet	29,658	29,658	29,658	29,658	29,658	29,658	29,658	29,658	29,658	29,658
Capacity (students)	265	265	265	265	265	265	265	265	265	265
Enrollment	246	258	241	221	213	209	223	207	208	211
Borough School (1972, 1992)										
Square Feet	90,200	90,200	90,200	90,200	90,200	90,200	90,200	90,200	90,200	90,200
Capacity (students)	697	697	697	697	697	697	697	697	697	697
Enrollment	368	388	403	413	405	406	415	404	367	372

Number of Schools at June 30, 2017
 Elementary = 1
 Middle School = 1

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

Source: Morris Plains Borough School District Facilities Office

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
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	Projects #	2008	2009	2010	2011	2012
Borough	N/A	\$ 262,094	\$ 176,049	\$ 208,747	\$ 210,884	\$ 198,042
Mountain Way	N/A	112,326	75,450	71,808	46,292	43,473
		<u>\$ 374,420</u>	<u>\$ 251,499</u>	<u>\$ 280,555</u>	<u>\$ 257,176</u>	<u>\$ 241,515</u>
School Facilities (Cont'd)	Projects #	2013	2014	2015	2016	2017
Borough	N/A	\$ 152,978	\$ 184,410	\$ 227,129	\$ 159,230	\$ 194,747
Mountain Way	N/A	64,729	40,480	49,858	77,234	94,461
		<u>\$ 217,707</u>	<u>\$ 224,890</u>	<u>\$ 276,987</u>	<u>\$ 236,464</u>	<u>\$ 289,208</u>

* School facilities as defined under EFCFA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

N/A - Not Applicable

Source: Morris Plains Borough School District records

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSIG		
Property - Blanket Building and Contents	\$ 35,934,199	\$ 2,500
Electronic Data Processing	500,000	\$ 1,000
Comprehensive General Liability	11,000,000	
Comprehensive General Liability Aggregate	None	
Comprehensive Automotive Liability	11,000,000	
Comprehensive Fire Damage Limit	11,000,000	
Comprehensive Personal and Advertising Injury	11,000,000	
Comprehensive Products/Completed Operations	11,000,000	
Comprehensive Medical Expense Limit	5,000	
Excess Liability - Torus & Markel		
NJUEP Program	29,000,000	
School District Legal Liability - NJSIG		
Coverage A	11,000,000	5,000
Coverage B (each claim)	100,000	5,000
Coverage B (each policy period)	300,000	
Surety Bonds - NJSIG		
Board Secretary	300,000	1,000
Treasurer	300,000	1,000
Worker's Compensation - NJSIG		
Bodily Injury by Accident	2,000,000	
Bodily Injury by Disease	2,000,000	
Student Accident - Zurich		
Accident Medical	500,000	

Source: Morris Plains Borough School District records

SINGLE AUDIT SECTION



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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

The Honorable President and Members
 of the Board of Education
 Morris Plains Borough School District
 County of Morris, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Morris Plains Borough School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 15, 2017.

Internal Control Over Financial Reporting

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

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

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

The Honorable President and Members
of the Board of Education
Morris Plains Borough School District
Page 2

Compliance and Other Matters


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

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 result 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.

September 15, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant



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Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance

The Honorable President and Members
 of the Board of Education
 Morris Plains Borough School District
 County of Morris, New Jersey

Report on Compliance for Each Major State Program

We have audited the Morris Plains Borough School District (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2017. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements 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's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

The Honorable President and Members
of the Board of Education
Morris Plains Borough School District
Page 2

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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 or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

September 15, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016			Balance at June 30, 2017			Amount Provided to Subrecipients	
					Budgetary Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable	Unearned Revenue	Due to Grantor		
U.S. Department of Education Passed-through State Department of Education:												
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA338017	7/1/16-6/30/17	\$ 140,050			\$ 140,050	\$ (140,050)				
I.D.E.A. Part B, Preschool	84.173	IDEA338017	7/1/16-6/30/17	5,708			5,708	(5,708)				
Total Special Education Cluster												
No Child Left Behind Consolidated Grant:												
Title I	84.010A	NCLB338017	7/1/16-6/30/17	8,152			8,152	(8,152)				
Title I	84.010A	NCLB338016	7/1/15-6/30/16	8,004	8,004							
Title I	84.010A	NCLB338015	7/1/14-6/30/15	10,338		\$ 3,903				\$ 3,903		
Title II, Part A	84.367A	NCLB338017	7/1/16-6/30/17	13,385			13,385	(13,385)				
Title II, Part A	84.367A	NCLB338016	7/1/15-6/30/16	13,933	6,035		6,035					
Title II, Part A	84.367A	NCLB338015	7/1/14-6/30/15	16,660		2,938				2,938		
Total U.S. Department of Education												
					14,039		6,841				6,841	
U.S. Department of Agriculture:												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Food Distribution Program	10.555	N/A	7/1/16-6/30/17	10,827			10,827	(8,350)		\$ 2,477		
Food Distribution Program	10.555	N/A	7/1/15-6/30/16	9,645		\$ 2,554		(2,554)				
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	19,924			18,296	(19,924)	\$ 1,628			
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	15,200	922		922					
Total Child Nutrition Cluster - Total U.S. Department of Agriculture												
					922		30,045		(30,828)		2,477	
Total Federal Awards												
					\$ 14,961	\$ 2,554	\$ 6,841	\$ 211,379	\$ (198,123)	\$ 1,628	\$ 2,477	\$ -0-

N/A - Not Available/Applicable

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016			Balance at June 30, 2017			MEMO		
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Expenditures	GAAP Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable	Cumulative Total Expenditures	
New Jersey Department of Education												
General Fund:												
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	\$ 41,947	\$ 3,710	\$ 3,710	\$ 3,710						\$ 41,947
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	504,750	44,641	44,641	44,641						504,750
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	13,211	1,168	1,168	1,168						13,211
School Choice Aid	16-495-034-5120-068	7/1/15-6/30/16	189,252	16,738	16,738	16,738						189,252
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	8,530	754	754	754						8,530
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	8,530	754	754	754						8,530
Extraordinary Aid	16-495-034-5120-473	7/1/15-6/30/16	187,360	187,360	187,360	187,360						187,360
Non Public Transportation	16-495-034-5120-014	7/1/15-6/30/16	11,204	11,204	11,204	11,204						11,204
Homeless Tuition	N/A	7/1/15-6/30/16	24,238	24,238	24,238	24,238						24,238
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	46,676		42,529	\$ (46,676)			\$ 4,147			46,676
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	500,756		456,269	(500,756)			44,487			500,756
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	15,093		13,752	(15,093)			1,341			15,093
School Choice Aid	17-495-034-5120-068	7/1/16-6/30/17	202,770		184,756	(202,770)			18,014			202,770
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	8,530		7,772	(8,530)			758			8,530
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	8,530		7,772	(8,530)			758			8,530
Professional Learning												
Community Aid	17-495-034-5120-101	7/1/16-6/30/17	8,410		7,663	(8,410)			747			8,410
Host District Support Aid	17-495-034-5120-102	7/1/16-6/30/17	2,856		2,603	(2,856)			253			2,856
Extraordinary Aid	17-495-034-5120-473	7/1/16-6/30/17	218,502			(218,502)		\$ 218,502	218,502			218,502
Non Public Transportation	17-495-034-5120-014	7/1/16-6/30/17	10,166			(10,166)		10,166	10,166			10,166
Homeless Tuition	N/A	7/1/16-6/30/17										
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	346,836		346,836	(346,836)						346,836
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16-6/30/17	428,346		428,346	(428,346)						428,346
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	15,520		15,520	(15,520)						15,520
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	987		987	(987)						987
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	369,842		369,842	(369,842)						369,842
Total General Fund State Aid				290,567	2,175,214	(2,183,820)		228,668	299,173			3,498,668
Enterprise Fund:												
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	1,107		1,023	(1,107)		84	84			1,107
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	992		66							992
Total Enterprise Fund				66	1,089	(1,107)		84	84			2,099

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016			Balance at June 30, 2017			MEMO	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Expenditures	GAAP Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable	Cumulative Total Expenditures
Capital Projects Fund:											
School Development Authority											
Site Improvements	3380-020-14-1001	7/1/14-6/30/17	\$ 14,680	\$ 14,680	\$ 14,680	\$ 14,680	\$ (14,680)			\$	14,680
Roof Replacement	3380-020-14-1002	7/1/14-6/30/17	112,569	144,379	112,569	(112,569)					112,569
Site Improvements	3380-020-14-1003	7/1/14-6/30/17	14,420	14,420	14,420	(14,420)					14,420
Total Capital Projects			173,479	173,479	141,669	(141,669)					141,669
Total State Awards Subject to Single Audit Determination			\$ 464,112	\$ -0-	\$ 2,317,972	\$ (2,326,596)	\$ 228,752	\$ -0-	\$ 299,257	\$ 3,642,436	
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Pension System Contributions:											
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16-6/30/17	(428,346)			428,346					
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	(15,520)			15,520					
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	(987)			987					
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	(369,842)			369,842					
Subtotal - On-Behalf TPAF Pension System Contributions						814,695					
Total State Awards Subject to Single Audit Major Program Determination						\$ (1,511,901)					

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Morris Plains School District under programs of the federal and state governments for the fiscal year ended June 30, 2017. The information in these schedules is 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’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District’s basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue 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 two state aid payments for the prior year and for the last two payments of the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, the current year payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year and the final two state aid payments for the prior year which are recognized in the current 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 revenue, whereas the GAAP basis does not. Grant revenue in the capital projects fund is recognized on the budgetary basis in the fiscal year of the award but is not recognized on the GAAP basis until expended and submitted for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$2,740) for the general fund, (\$465) for the special revenue fund (of which \$465 is for local assistance and is not included in the table on the next page. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, and special revenue funds.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,181,080	\$ 2,181,080
Special Revenue Fund	\$ 167,295		167,295
Food Service Fund	30,828	1,107	31,935
Capital Projects Fund		141,669	141,669
	<u>\$ 198,123</u>	<u>\$ 2,323,856</u>	<u>\$ 2,521,979</u>

NOTE 5. 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.

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

Morris Plains Borough School District had no loan balances outstanding at June 30, 2017.

NOTE 7. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2017. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

NOTE 8. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District had grants awarded in the amount of \$173,479 from the School Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2017, all of the funds have been expended, submitted for reimbursement and received.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2017 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

	State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
<u>State:</u>				
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	\$ 500,756	\$ 500,756
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	15,093	15,093
School Choice Aid	17-495-034-5120-068	7/1/16-6/30/17	202,770	202,770
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	8,530	8,530
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	8,530	8,530
Professional Learning				
Community Aid	17-495-034-5120-101	7/1/16-6/30/17	8,410	8,410
Host District Support Aid	17-495-034-5120-102	7/1/16-6/30/17	2,856	2,856

- The threshold used for distinguishing between State Type A and Type B programs was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Status of Prior Year Findings:

There were no prior year audit findings.