

**Comprehensive Annual
Financial Report**

of the

Morris Plains Borough School District

Morris Plains, New Jersey

For the Fiscal Year Ended June 30, 2020

Prepared by

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

**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, 2020**

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2020

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal	1
Organizational Chart.....	8
Roster of Officials	9
Consultants and Advisors	10
FINANCIAL SECTION	11
Independent Auditors' Report	12
Required Supplementary Information	15
Management's Discussion and Analysis.....	16
Basic Financial Statements (Sections A. and B.).....	24
A. District-Wide Financial Statements	25
A-1 Statement of Net Position.....	26
A-2 Statement of Activities	28
B. Fund Financial Statements	30
B-1 Balance Sheet – Governmental Funds.....	31
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds	33
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
B-4 Statement of Net Position – Proprietary Funds	36
B-5 Statement of Revenue, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	37
B-6 Statement of Cash Flows – Proprietary Funds	38
B-7 Statement of Fiduciary Net Position – Fiduciary Funds.....	39
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	40
Notes to the Basic Financial Statements.....	41
Required Supplementary Information.....	83
L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other Than Pensions.....	84
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System	84
L-2 Schedule of District Contributions – Public Employees Retirement System.....	85
L-3 Schedule of State's Proportionate Share of the Net Pension Liability Associated with the District - Teachers' Pension and Annuity Fund	86
L-4 Schedule of State's Contributions – Associated with the District – Teachers' Pension and Annuity Fund	87
L-5 Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios	88
Notes to Required Supplementary Information	89

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

FINANCIAL SECTION (Cont'd)

C.	Budgetary Comparison Schedules	92
C-1	Budgetary Comparison Schedule – Budgetary Basis – General Fund	93
C-2	Budgetary Comparison Schedule – Budgetary Basis – Special Revenue Fund	104
C-3	Budgetary Comparison Schedule – Note to Required Supplementary Information.....	105

Other Supplementary Schedules (D.-I.)

D.	School Level Schedules (Not Applicable)	106
E.	Special Revenue Fund.....	107
E-1	Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis	108
E-2	Preschool Aid Schedule of Expenditures – Budgetary Basis	
F.	Capital Projects Fund	110
F-1	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	111
F-1a	Schedule of Project Revenues, Expenditures, Project Balances and Project Status 2017 Referendum	112
G.	Proprietary Funds	113
	Enterprise Fund:	
G-1	Statement of Net Position.....	114
G-2	Statement of Revenue, Expenses and Changes in Fund Net Position	115
G-3	Statement of Cash Flows.....	116
H.	Fiduciary Funds.....	117
H-1	Combining Statement of Fiduciary Net Position.....	118
H-2	Statement of Changes in Fiduciary Net Position.....	119
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	120
H-4	Student Activity Agency Fund Statement of Activity	121
H-5	Payroll Agency Fund Schedule of Receipts and Disbursements.....	122
I.	Long-Term Debt.....	123
I-1	Schedule of Serial Bonds	124
I-2	Schedule of Obligations Under Capital Leases (Not Applicable)	
I-3	Debt Service Fund Budgetary Comparison Schedule	125
J.	STATISTICAL SECTION (Unaudited)	126
J-1	Net Position by Component	127
J-2	Changes in Net Position	128
J-3	Fund Balances - Governmental Funds	130
J-4	Changes in Fund Balances - Governmental Funds.....	131
J-5	General Fund - Other Local Revenue by Source.....	132
J-6	Assessed Value and Actual Value of Taxable Property	133
J-7	Direct and Overlapping Property Tax Rates	134
J-8	Principal Property Tax Payers	135

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

FINANCIAL SECTION (Cont'd)

J. STATISTICAL SECTION (Unaudited) (Cont'd)

J-9	Property Tax Levies and Collections	136
J-10	Ratios of Outstanding Debt by Type	137
J-11	Ratios of Net General Bonded Debt Outstanding	138
J-12	Ratios of Overlapping Governmental Activities Debt	139
J-13	Legal Debt Margin Information	140
J-14	Demographic and Economic Statistics	141
J-15	Principal Employers	142
J-16	Full-Time Equivalent District Employees by Function/Program.....	143
J-17	Operating Statistics.....	144
J-18	School Building Information.....	145
J-19	Schedule of Required Maintenance for School Facilities	146
J-20	Insurance Schedule.....	147

K. SINGLE AUDIT SECTION 148

K-1	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 <i>Government Auditing Standards</i>	149
K-2	Independent Auditors' Report on Compliance for Each Major State Program and on Internal Control over Compliance.....	151
K-3	Schedule of Expenditures of Federal Awards	153
K-4	Schedule of Expenditures of State Awards	154
K-5	Notes to the Schedules of Expenditures of Federal and State Awards.....	156
K-6	Schedule of Findings and Questioned Costs	158
K-7	Summary Schedule of Prior Audit Findings	160

INTRODUCTORY SECTION
(UNAUDITED)



Navigating a changing world through excellence and innovation

520 Speedwell Avenue, Suite 116
Morris Plains, New Jersey 07950

December 18, 2020

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, 2020, 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.

Phone: 973-531-9513 • Fax: 973-540-1983 • Web Site: www.mpsdk8.org

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 \$950,013. 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:

The district continued to increase professional development for our Math teachers, with a focus on teaching strategies (Math Workshop), instructional programs, and NJSL standards. The district revised math curriculum across each grade level. The district continued to secure updated math resources and manipulatives, and continued to implement math-based diagnostic assessments and digital learning tools (i.e. iXL, Dibels, BrainPop, etc.) In addition, the district continued to offer support for students who qualify for basic skills in grades kindergarten through eight. Also, the district continued to support blocked math periods for students, grades K-8. The district invested in after-school co-curricular activities to further support math instruction, including a First in Math club. Additionally, the district partnered with pricewaterhousecoopers to deliver financial literacy to Borough School students. The district expanded the multiple disabilities program from K-2 to K-6, and utilized the Touch Math curriculum to deliver math instruction. The district increased special education personnel to support the expansion of the multiple disabilities program. Lastly, the district offered a virtual Geometry class to meet the needs of our accelerated students.

3) MAJOR INITIATIVES: (Cont'd)

Science:

The district continued to support the K-8 STEAM courses. This included continuing to enhance the existing STEAM Lab space at Mountain Way and Borough School, which included makerspace carts, virtual reality kits (3), research text, 3D printing stations, comfortable seating areas, and a digital communications lab. All students (K-8) continued to cycle through the STEAM courses throughout the school year. At Borough School, the master schedule was revised to create block periods of science instruction for Borough School students, grades 5-8. In addition, the master schedule was modified to include afternoon flex time for students. During this time, students had the opportunity to visit the STEAM Lab and utilize the equipment. The district has partnered with NJIT to participate in several field trips that promote science-based learning experiences, led by NJIT staff. The field trips were offered to staff and students at no cost. NJIT has also provided free science-led staff development opportunities for our STEM and science teachers. The district continued to participate in the NJIT-based LiFE grant. Through the LiFE grant, we hope to increase the number of women persisting in STEM pathways. Professional development resources were made available for science teachers to continue supporting their efforts to build authentic, inquiry-based and STEAM activities against the NJSLS. Funds continued to be dedicated to support hands-on, exploratory learning experiences for our students. The district continued to invest in Discovery Education's Techbook, which serves as our primary science resource. Also, the district secured a \$5K grant to support a hands-on, interactive science program for our multiple disability students (grades 3-7), and our 5th-8th grade special education science students. As noted above, the district expanded the multiple disabilities classroom from K-2 to K-6. The expansion included the creation of a Multiple Disabilities teacher for special education students in grades 3-6 who will provide science instruction. The district utilized iXL to benchmark students, provide additional instructional material, etc. The student data was reviewed and analyzed by administration and staff. The district continued to work with the local Education Foundation to support innovation in the classroom. Lastly, the district continued to partner with Proyecto Science, providing an enriching program for seventh grade students during summer recess.

Language Arts:

The district continued to support blocked Language Arts periods for students, grades K-8. The district expanded the hours of the K-8 Reading Specialist, who continued to oversee the implementation of the district's Early Intervention Plan, which was adopted in September 2017. The district led a curriculum writing project to generate a scope and sequence of grammar content and supporting materials, activities, etc. for all students K-8. The district continued to support blocked language arts periods for students, grades K-8. The district continued to invest in early literacy intervention training opportunities designed to build capacity and deepen understanding, which included continued support in balanced literacy and guided reading. The district continued to support LAL-based diagnostic assessments and digital learning tools (i.e. iXL, Dibels, BrainPop, etc.). As noted above, the district expanded the multiple disabilities classroom from K-2 to K-6. The expansion included the creation of a Multiple Disabilities teacher for special education students in grades 3-6 who will provide targeted language arts instruction. The district provided Sunday Kits to all language arts-based, in-class support and resource room classes for grades K-6. The district continued to utilize staff to drive professional development needs, which included using Basic Skills staff to deliver phonics instruction training to elementary teachers. A phonics committee was formed to recommend a phonics-based program for the 2020-2021 school year. The committee identified Foundations for students K-3.

3) MAJOR INITIATIVES: (Cont'd)

Social Studies:

The district continued promoting professional development and support in understanding the social studies curriculum, instructional program, and the NJSLs. This included supporting teacher-led professional development opportunities, and personalized professional development planning. The district continued utilizing Discovery Education resources, including Streaming and Techbook, to support the social studies curriculum. The Borough School social studies teachers implemented LGBTQ resources into their instruction, and addressed key NJDOE mandates. Lastly, the Borough School master schedule was modified to support blocked periods of science instruction for students in grades 5-8.

21st Century Life and Careers:

The district was recognized as a New Jersey Future Ready Silver Distinction district, the highest ranking in the Future Ready New Jersey certification program. The district continued to invest in the implementation of 21st Century Life and Careers Curriculum. The district continued to implement the 20-Time initiative for students in grades 5-8. The district continued to revise the Unified Arts curriculum to include more meaningful technology and problem-based learning opportunities for students, which included coding, TV production, digital communication, etc. As previously noted, the district provided learning lab spaces for K-8 students that promote future readiness, digital learning, iSTEAM, and collaboration. The district expanded the guidance position for the K-2 school from part-time to full-time. The school counselors continued to lead classroom lessons, provide individual counseling, case manage, design and implement character education programs, etc. The district continued maintaining collaborative relationships with local colleges and universities. The district offered electives for 8th grade students, and provided a wide array of co-curricular offerings for students. The district facilitated a social and emotional learning (SEL) committee, which met regularly throughout the year. The committee surveyed parents, staff, and students. In addition, the committee identified a SEL curriculum for the 2020-2021 school year. Each school was outfitted with sensory hallways and comfort zones, which were funded by the local Education Foundation. Lastly, the district worked with the HSA to schedule meaningful assemblies, and facilitated staff training sessions and parent academies to support social and emotional learning, disabilities awareness, etc.

Visual and Performing Arts

The district continued to coordinate programs and assemblies related to visual and performing arts. The district worked with a consultant to provide professional development opportunities to support STEAM and Arts Integration. The district worked with the local Education Foundation to secure a Dance Residency for second grade students.

Comprehensive Health and Physical Education:

The district continued ongoing professional development for staff in best practices in Health and Physical Education. This included supporting teacher-led professional development opportunities, and personalized professional development planning. Additionally, the district created a Health and Wellness course for students in Borough School. Lastly, the district continued to employ a Physical Education Aide to help meet the needs of all students.

3) MAJOR INITIATIVES: (Cont'd)

World Language:

The district continued to purchase supplemental instructional material to use for curriculum support, and continued to review materials and technology resources to support the recently adopted NJ Model Curriculum.

Technology:

The district continued to dedicate funding to support skilled professionals who coach staff (Director of Technology and Innovation) and support the management of the technology (Technology and Network Manager). The Technology and Network Manager serves as the district technician, network manager, and systems administrator. The district continued to support the integration of Google Apps for Education (G Suite). The district continued maintaining 1:1 Chromebook initiative for students, grades 2-8, and sustained the distribution of iPads in each primary classroom. The district continued supporting and enhancing the infrastructure, building digital capacity, and increasing cyber security. The district continued purchasing online assessment programs, textbooks, and supplemental resources to support learners as producers, as well as continued to increase digital learning experiences for students and digital professional learning experiences for staff. The district purchased several smartboards for classrooms in both schools. The district continued to support technology standards through all content areas and unified arts programs. The district increased their broadband, and changed telephone providers, which allowed for tremendous cost savings. The savings (\$20K) was utilized to fund the purchase of new phones in the district. Lastly, the district upgraded existing cameras and increased PA speakers in both buildings.

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, 2020.

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, workers compensation, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A Schedule of Insurance Coverage is found on Exhibit J-20.

9) OTHER INFORMATION:

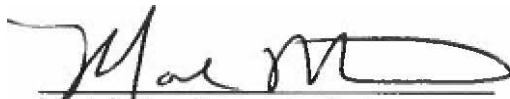
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education at its last organization meeting. In addition to meeting the requirements set 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
Page 7
December 18, 2020

10) ACKNOWLEDGMENTS:

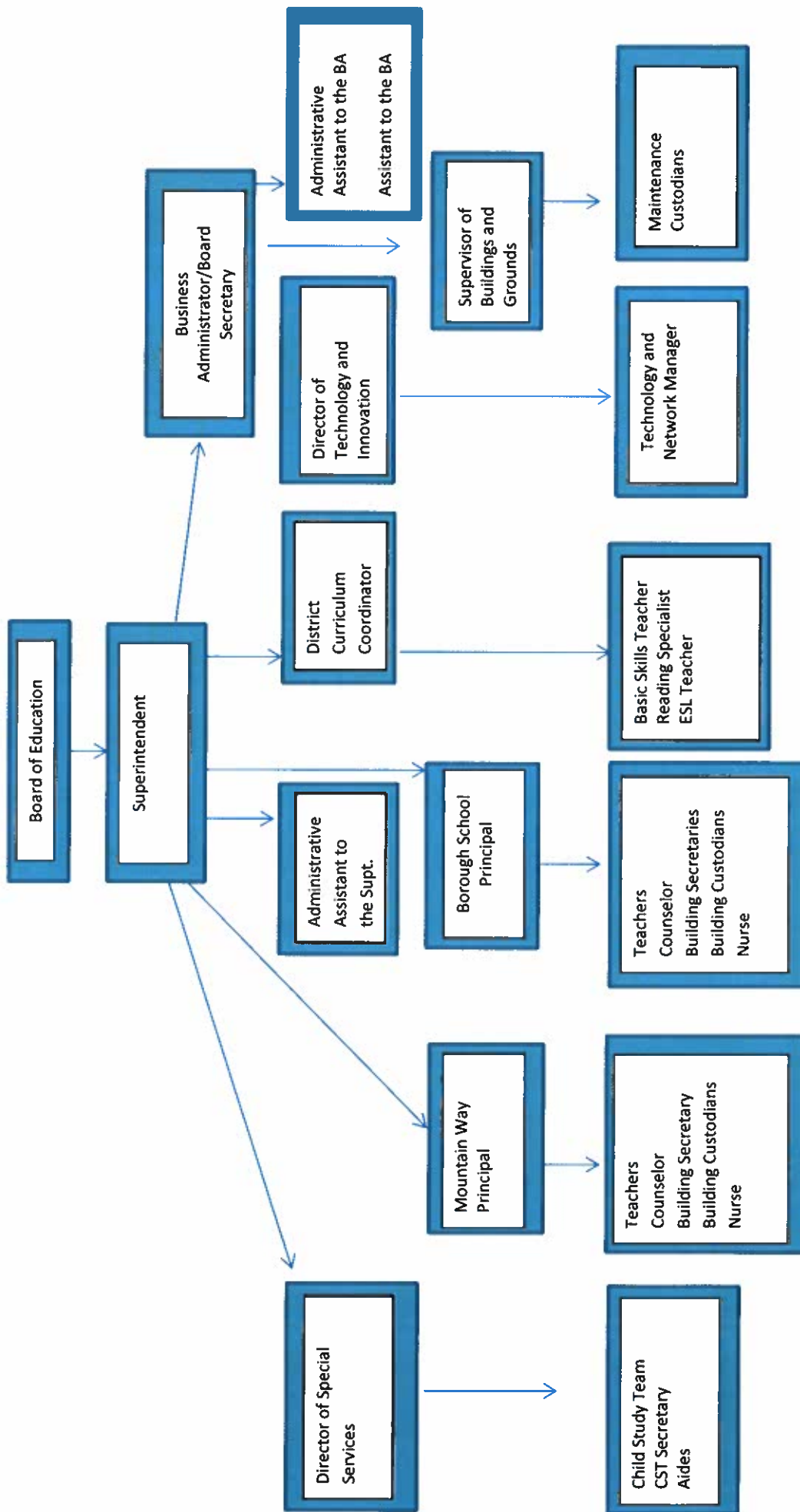
We would like to express our appreciation to the members of the Board of the Morris Plains Borough School District for their concern in providing fiscal accountability to the citizens and taxpayers of the school District and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,


Mark Maire, Superintendent


Catherine Jenisch, Business Administrator

MORRIS PLAINS SCHOOL DISTRICT - ORGANIZATIONAL CHART - August 2020



**MORRIS PLAINS BOROUGH SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2020**

<u>Members of the Board of Education</u>	Expiration of Term
Dr. Denise Rawding, President	2020
Mrs. Shawna Longo, Vice-President	2020
Mrs. Diane Del Russo	2021
Ms. Lucia Galdi	2021
Mr. Adam Higgins	2022
Mrs. Amy Lyons	2021
Mrs. Maria Manley	2022
Mrs. Christina Perry	2022
Mrs. Jessica Williams	2020

<u>Other Officials</u>	Title
Mr. Mark Maire	Superintendent
Ms. Catherine Jenisch	Business Administrator/Board Secretary (from February 1, 2020)
Ms. Amy Barkman	Business Administrator/Board Secretary (to January 31, 2020)
Ms. Ana Thomas	Treasurer of School Money

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

Nisivoccia LLP, CPAs
200 Valley Road, Suite 300
Mount Arlington, New Jersey 07856
and
11 Lawrence Road
Newton, New Jersey 07860

Attorneys

Dennis McKeever, Esq.
Sciarrillo, Cornell, Merlino, McKeever & Osborne
238 St. Paul Street
Westfield, New Jersey, 07090

Nathanya Simon, Esq.
Schwartz Simon Edelstein Celso & Kessler LLC
44 Whippany Road Suite 210
PO Box 2355
Morristown, New Jersey 07962

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, 2020, 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, 2020, 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 and postemployment benefit schedules in Exhibits L-1 through L-5 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 other supplementary schedules 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 other supplementary schedules 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 other 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 December 18, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

December 18, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Morris Plains Borough School District Management Discussion and Analysis

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, 2020. 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.

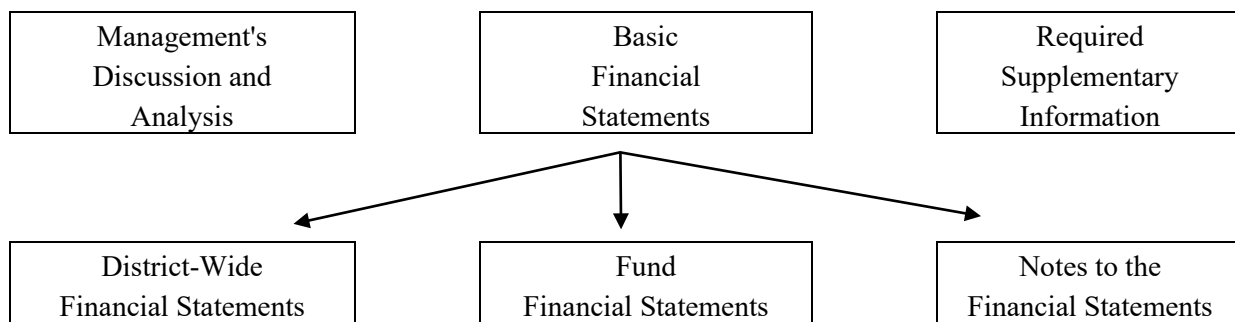
Overview of the Financial Statements

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**

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

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**

- *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 increased \$423,307. Net position from governmental activities increased by \$440,474 combined with a decrease in net position from business-type activities of \$17,917. Net investment in capital assets increased by \$372,874, restricted net position decreased by \$275,750 and unrestricted net position increased by \$326,183.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	
Current and Other Assets	\$ 4,843,721	\$ 5,426,079	\$ 11,484	\$ 22,549	\$ 4,855,205	\$ 5,448,628	
Capital Assets, Net	19,515,099	19,735,754	17,731	18,632	19,532,830	19,754,386	
Total Assets	<u>24,358,820</u>	<u>25,161,833</u>	<u>29,215</u>	<u>41,181</u>	<u>24,388,035</u>	<u>25,203,014</u>	-3.23%
Deferred Outflow of Resources	<u>548,059</u>	<u>851,797</u>			<u>548,059</u>	<u>851,797</u>	-35.66%
Other Liabilities	331,006	693,890	10,517	5,316	341,523	699,206	
Long-Term Liabilities	8,807,549	10,234,387			8,807,549	10,234,387	
Total Liabilities	<u>9,138,555</u>	<u>10,928,277</u>	<u>10,517</u>	<u>5,316</u>	<u>9,149,072</u>	<u>10,933,593</u>	-16.32%
Deferred Inflows of Resources	<u>1,170,535</u>	<u>928,038</u>			<u>1,170,535</u>	<u>928,038</u>	26.13%
Net Position:							
Net Investment in Capital Assets	13,676,743	13,302,968	17,731	18,632	13,694,474	13,321,600	
Restricted	3,037,327	3,313,077			3,037,327	3,313,077	
Unrestricted/(Deficit)	<u>(2,116,281)</u>	<u>(2,458,730)</u>	<u>967</u>	<u>17,233</u>	<u>(2,115,314)</u>	<u>(2,441,497)</u>	
Total Net Position	<u>\$ 14,597,789</u>	<u>\$ 14,157,315</u>	<u>\$ 18,698</u>	<u>\$ 35,865</u>	<u>\$ 14,616,487</u>	<u>\$ 14,193,180</u>	2.98%

Changes in Net Position. The District’s combined net position was \$14,616,487 on June 30, 2020, or \$423,307 more than it was the year before. The increase in the net position was primarily due to the decrease in the Net Pension Liability and changes in the related deferred outflows and inflows. (See Figure A-3).

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

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	
Revenue:							
Program Revenue:							
Charges for Services	\$ 206,343	\$ 216,942	\$ 53,565	\$ 81,945	\$ 259,908	\$ 298,887	
Operating Grants & Contributions	3,394,228	3,731,898	39,273	41,330	3,433,501	3,773,228	
General Revenue:							
Property Taxes	17,347,428	16,811,980			17,347,428	16,811,980	
Unrestricted Federal and State Aid	689,846	705,347			689,846	705,347	
Other	97,828	93,872	143	224	97,971	94,096	
Total Revenue	<u>21,735,673</u>	<u>21,560,039</u>	<u>92,981</u>	<u>123,499</u>	<u>21,828,654</u>	<u>21,683,538</u>	0.67%
Expenses:							
Instruction	9,134,968	9,385,175			9,134,968	9,385,175	
Pupil and Instruction Services	7,500,559	6,750,211			7,500,559	6,750,211	
Administrative and Business	1,617,938	1,708,908			1,617,938	1,708,908	
Maintenance and Operations	1,108,983	1,141,241			1,108,983	1,141,241	
Transportation	1,057,659	944,365			1,057,659	944,365	
Other	870,872	807,801	114,368	115,679	985,240	923,480	
Total Expenses	<u>21,290,979</u>	<u>20,737,701</u>	<u>114,368</u>	<u>115,679</u>	<u>21,405,347</u>	<u>20,853,380</u>	2.65%
Transfers	(4,220)		4,220		-0-	-0-	0.00%
Increase/(Decrease) in Net Position	<u>\$ 440,474</u>	<u>\$ 822,338</u>	<u>\$ (17,167)</u>	<u>\$ 7,820</u>	<u>\$ 423,307</u>	<u>\$ 830,158</u>	-49.01%

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-5 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:

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

**Figure A-5
Net Cost of Governmental Activities**

	<u>Total Costs of Services</u>		<u>Net Cost of Services</u>	
	<u>2019/20</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2018/19</u>
Instruction	\$ 9,134,968	\$ 9,385,175	\$ 5,831,941	\$ 6,071,222
Pupil and Instruction Services	7,500,559	6,750,211	7,486,982	6,533,269
Administrative and Business	1,617,938	1,708,908	1,434,031	1,406,836
Maintenance and Operations	1,108,983	1,141,241	1,105,301	1,122,428
Transportation	1,057,659	944,365	961,281	847,305
Other	870,872	807,801	870,872	807,801
	<u>\$ 21,290,979</u>	<u>\$ 20,737,701</u>	<u>\$ 17,690,408</u>	<u>\$ 16,788,861</u>

Business-Type Activities

Net position from the District’s business-type activity decreased by \$17,917, (Refer to Figure A-4). The primary factor contributing to these results was:

- Decrease in business-type activity was primarily a result of less operating revenue due to the Covid-19 shutdown of the school district.

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.

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

Capital Asset Administration

Figure A-6

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	Change
Sites	\$ 951,200	\$ 951,200			\$ 951,200	\$ 951,200	
Site Improvements	313,638	360,176			313,638	360,176	
Construction in Progress	5,597,875	5,428,147			5,597,875	5,428,147	
Buildings & Building							
Improvements	12,449,216	12,808,931			12,449,216	12,808,931	
Furniture, Machinery &							
Equipment	203,170	187,300	\$ 17,731	\$ 18,632	220,901	205,932	
Total	\$ 19,515,099	\$ 19,735,754	\$ 17,731	\$ 18,632	\$ 19,532,830	\$ 19,754,386	-1.12%

- The change in Capital Assets is a result of the acquisition of assets and construction in progress in the amount of \$241,520 offset by depreciation expense of \$462,175.
- The construction in progress represents referendum expenditures as of June 30, 2020.

Long-Term Liabilities

At year-end, the District had \$6,530,000 in general obligation bonds outstanding as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 8 to the basic financial statements.)

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Percentage
	2019/20	2018/19	Change
General Obligation Bonds (Financed with Property Taxes)	\$ 6,530,000	\$ 7,310,000	
Net Pension Liability	2,091,870	2,702,020	
Other Long Term Liabilities	185,679	222,367	
Total	\$ 8,807,549	\$ 10,234,387	-13.94%

- The District continued to pay down its debt, retiring \$780,000 of outstanding bonds.
- Other Long Term Liabilities decreased \$36,688 comprised of an increase in compensated absences payable of \$7,274 offset by a decrease in Unamortized Bond Premiums of \$43,962.
- Net Pension Liability decreased by \$610,150.

Morris Plains Borough School District Management Discussion and Analysis

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. The Morris Plains Ed Foundation and the Morris Plains Home and School Association have been generous in their donations over the years. However, there is an overwhelming concern about the state of the District's finances due to an increasing reliance on local property taxes, relatively flat state aid, and COVID-19 related costs.

Future finances will be challenged by state legislation and the unfunded mandates that School Districts must be in compliance with. S1701, adopted by the State of New Jersey on June 17, 2004, limits a District's 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 year the Morris Plains School District encountered the novel coronavirus (COVID-19). This pandemic brought with it new challenges for educators and administrators. The priority of keeping our students and staff safe comes at an unusually exorbitant cost and will most likely continue into the 2020-2021 school year. Additionally, the district will continue to address the Long-Range Facility Plan, which will include HVAC upgrades, bathroom renovations, etc. Lastly, the district will continue to work with the Morris School District to control send-receive tuition costs.

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, 2020

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 2,570,304		\$ 2,570,304
Receivables from Federal, State and Other Governments	474,516	\$ 1,792	476,308
Interfund Receivable	27,523		27,523
Internal Balances	(3,604)	3,604	
Inventory		6,088	6,088
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	950,013		950,013
Maintenance Reserve Account - Cash and Cash Equivalents	105,969		105,969
Tuition Reserve Account - Cash and Cash Equivalents	719,000		719,000
Capital Assets:			
Sites (Land) and Construction in Progress	6,549,075		6,549,075
Depreciable Site Improvements, Building and Building Improvements and Furniture, Machinery and Equipment	12,966,024	17,731	12,983,755
Total Assets	24,358,820	29,215	24,388,035
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	500,540		500,540
Deferred Amount on the Refunding	47,519		47,519
Total Deferred Outflows of Resources	548,059		548,059
 <u>LIABILITIES:</u>			
Accounts Payable	223,340	2,877	226,217
Accrued Interest Payable	95,301		95,301
Unearned Revenue	12,365	7,640	20,005
Noncurrent Liabilities:			
Due Within One Year	838,961		838,961
Due Beyond One Year	7,968,588		7,968,588
Total Liabilities	9,138,555	10,517	9,149,072
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	1,170,535		1,170,535
Total Deferred Inflows of Resources	1,170,535		1,170,535

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 13,676,743	\$ 17,731	\$ 13,694,474
Restricted for:			
Debt Service	62,345		62,345
Capital Reserve	950,013		950,013
Maintenance Reserve	105,969		105,969
Tuition Reserve	719,000		719,000
Excess Surplus	1,200,000		1,200,000
Unrestricted/(Deficit)	<u>(2,116,281)</u>	<u>967</u>	<u>(2,115,314)</u>
Total Net Position	<u>\$ 14,597,789</u>	<u>\$ 18,698</u>	<u>\$ 14,616,487</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, 2020

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:							
Instruction:							
Regular	\$ 6,864,703	\$ 206,343	\$ 1,817,664		\$ (4,840,696)	\$ (4,840,696)	
Special Education	1,773,076		1,147,202		(625,874)	(625,874)	
School -Sponsored/Other Instruction	497,189		131,818		(365,371)	(365,371)	
Support Services:							
Tuition	5,813,433				(5,813,433)	(5,813,433)	
Student and Instruction Related Services	1,687,126		13,577		(1,673,549)	(1,673,549)	
General Administration Services	489,169		3,137		(486,032)	(486,032)	
School Administration Services	680,986		174,677		(506,309)	(506,309)	
Central Services	372,338		6,093		(366,245)	(366,245)	
Administration Information Technology	75,445				(75,445)	(75,445)	
Plant Operations and Maintenance	1,108,983		3,682		(1,105,301)	(1,105,301)	
Pupil Transportation	1,057,659		96,378		(961,281)	(961,281)	
Interest on Long-Term Debt	212,284				(212,284)	(212,284)	
Unallocated Depreciation	410,106				(410,106)	(410,106)	
Capital Outlay	56,562				(56,562)	(56,562)	
Charter Schools	191,920				(191,920)	(191,920)	
Total Governmental Activities	21,290,979	206,343	3,394,228		(17,690,408)	(17,690,408)	

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<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	\$ 114,368	\$ 53,565	\$ 39,273		\$ (21,530)	\$ (21,530)
Total Business-Type Activities	114,368	53,565	39,273		(21,530)	(21,530)
Total Primary Government	\$ 21,405,347	\$ 259,908	\$ 3,433,501	\$ (17,690,408)	(21,530)	(17,711,938)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 16,545,423		\$ 16,545,423
Taxes Levied for Debt Service				802,005		802,005
Federal and State Aid not Restricted				689,846		689,846
Miscellaneous Income				97,828	\$ 143	97,971
Transfers				(4,220)	4,220	
Total General Revenue				18,130,882	4,363	18,135,245
Change in Net Position				440,474	(17,167)	423,307
Net Position - Beginning				14,157,315	35,865	14,193,180
Net Position - Ending				\$ 14,597,789	\$ 18,698	\$ 14,616,487

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, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 1,253,564		\$ 1,316,740		\$ 2,570,304
Interfund Receivables	799,576			\$ 136,503	936,079
Receivables From Federal Government		\$ 162,248			162,248
Receivables From State Government	311,668				311,668
Receivables From Other Governments	600				600
Restricted Cash and Cash Equivalents	1,774,982				1,774,982
Total Assets	\$ 4,140,390	\$ 162,248	\$ 1,316,740	\$ 136,503	\$ 5,755,881
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Interfund Payable	\$ 3,604	\$ 161,783	\$ 672,615	\$ 74,158	\$ 912,160
Accounts Payable	83,357				83,357
Unearned Revenue	11,900	465			12,365
Total Liabilities	\$ 98,861	\$ 162,248	\$ 672,615	\$ 74,158	\$ 1,007,882
Fund Balances:					
Restricted for:					
Capital Reserve Account	950,013				950,013
Tuition Reserve - 2020-2021 Budget	417,000				417,000
Tuition Reserve - 2021-2022 Budget	302,000				302,000
Maintenance Reserve	105,969				105,969
Excess Surplus - 2020-2021 Budget	650,000				650,000
Excess Surplus - 2021-2022 Budget	550,000				550,000
Capital Projects Fund			644,125		644,125
Debt Service Fund				62,345	62,345
Assigned:					
Year-End Encumbrances	332,952				332,952
Designated for Subsequent Year's Expenditures	200,274				200,274
Unassigned	533,321				533,321
Total Fund Balances	\$ 4,041,529	\$ 162,248	\$ 644,125	\$ 62,345	\$ 4,747,999
Total Liabilities and Fund Balances	\$ 4,140,390	\$ 162,248	\$ 1,316,740	\$ 136,503	\$ 5,755,881

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

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.

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.

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:

Deferred Outflows

Deferred Inflows

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.

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

Bond premiums are reported as revenue in the Governmental Funds in the year the bonds are sold.

Net Position of Governmental Activities

	\$ 19,515,099
	(95,301)
	(2,091,870)
	360,557
	(1,170,535)
	(6,583,794)
	47,519
	<u>(131,885)</u>
	<u>\$ 14,597,789</u>

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, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 16,545,423			\$ 802,005	\$ 17,347,428
Tuition - Other LEA's within the State	91,305				91,305
Tuition - Individuals	115,038				115,038
Interest on Capital Reserve	10,273				10,273
Miscellaneous	55,009	\$ 6,185	\$ 26,361		87,555
Total - Local Sources	16,817,048	6,185	26,361	802,005	17,651,599
State Sources	2,962,952			177,011	3,139,963
Federal Sources		162,248			162,248
Total Revenue	19,780,000	168,433	26,361	979,016	20,953,810
EXPENDITURES					
Current:					
Regular Instruction	4,006,233	26,051			4,032,284
Special Education Instruction	937,025	142,382			1,079,407
School Sponsored/Other Instruction	290,857				290,857
Support Services and Undistributed Costs:					
Tuition	5,813,433				5,813,433
Student & Instruction Related Services	1,403,142				1,403,142
General Administrative Services	422,654				422,654
School Administrative Services	375,182				375,182
Central Services	295,326				295,326
Administrative Information Technology	61,606				61,606
Plant Operations and Maintenance	966,013				966,013

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES					
Pupil Transportation	\$ 1,057,659				\$ 1,057,659
Allocated and Unallocated Benefits	3,824,707				3,824,707
Debt Service:					
Principal				\$ 780,000	780,000
Interest and Other Charges				252,369	252,369
Transfer of Funds to Charter Schools	191,920				191,920
Capital Outlay	138,142		\$ 169,728		307,870
Total Expenditures	<u>19,783,899</u>	<u>\$ 168,433</u>	<u>169,728</u>	<u>1,032,369</u>	<u>21,154,429</u>
Excess/(Deficit) of Revenue over/(under) Expenditures	(3,899)		(143,367)	(53,353)	(200,619)
OTHER FINANCING SOURCES/(USES)					
Transfers In				26,361	26,361
Transfers Out	(4,220)		(26,361)		(30,581)
Total Other Financing Sources/(Uses)	<u>(4,220)</u>		<u>(26,361)</u>	<u>26,361</u>	<u>(4,220)</u>
Net Change in Fund Balances	(8,119)		(169,728)	(26,992)	(204,839)
Fund Balance—July 1	4,049,648		813,853	89,337	4,952,838
Fund Balance—June 30	<u>\$ 4,041,529</u>	<u>\$ -0-</u>	<u>\$ 644,125</u>	<u>\$ 62,345</u>	<u>\$ 4,747,999</u>

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, 2020

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (204,839)

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.

	\$ (462,175)
Depreciation Expense	241,520
Capital Outlays	(220,655)

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 (+)

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	610,150
Changes in Deferred Outflows	(314,496)
Changes in Deferred Inflows	(242,497)

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. (+)

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 (+).

Change in Net Position - Governmental Activities (From Exhibit A-2) 11,965

\$ 440,474

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

ASSETS:

Current Assets:

Intergovernmental Receivable:

Federal	\$	1,764
State		28

Interfund Receivable:

General Fund		3,604
Inventories		6,088

Total Current Assets		11,484
----------------------	--	--------

Non-Current Assets:

Capital Assets, Net of Depreciation

Depreciable Furniture and Equipment		17,731
-------------------------------------	--	--------

Total Non-Current Assets		17,731
--------------------------	--	--------

Total Assets		29,215
--------------	--	--------

LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors		2,877
Unearned Revenue - Prepaid Sales		5,694
Unearned Revenue - Donated Commodities		1,946

Total Current Liabilities		10,517
---------------------------	--	--------

NET POSITION:

Investment in Capital Assets

		17,731
--	--	--------

Unrestricted

		967
--	--	-----

Total Net Position	\$	18,698
--------------------	----	--------

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, 2020

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 33,265
Daily Sales - Non-Reimbursable Programs	20,300
	<hr/>
Total Operating Revenue	53,565
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	32,853
Cost of Sales - Non-Reimbursable Programs	20,049
Salaries, Benefits & Payroll Taxes	34,594
Supplies, Insurance & Other Costs	17,811
Management Fee	8,160
Depreciation Expense	901
	<hr/>
Total Operating Expenses	114,368
	<hr/>
Operating Loss	(60,803)
Non-Operating Revenue:	
Local Sources:	
Interest Income	143
State Sources:	
State School Lunch Program	829
State School Lunch Program - Seamless Summer Option	123
Federal Sources:	
National School Lunch Program	20,356
National School Lunch Program - Seamless Summer Option	7,746
Food Distribution Program	10,219
	<hr/>
Total Non-Operating Revenue	39,416
	<hr/>
Change in Net Position	(21,387)
	<hr/>
Transfer from General Fund	4,220
	<hr/>
Net Position - Beginning of Year	35,865
	<hr/>
Net Position - End of Year	\$ 18,698
	<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, 2020

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 53,565
Payments to Employees	(34,594)
Payments to Food Service Vendor	(47,716)
Payments to Suppliers	<u>(17,811)</u>
Net Cash Used for Operating Activities	<u>(46,556)</u>
Cash Flows Provided for Investing Activities:	
Local Sources:	
Interest Income	<u>143</u>
Net Cash Provided by Investing Activities	<u>143</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	1,045
Federal Sources:	
National School Lunch Program	28,924
Prior Year Interfund Returned - General Fund	1,489
Board Contribution - General Fund	<u>4,220</u>
Net Cash Provided by Noncapital Financing Activities	<u>35,678</u>
Net Decrease in Cash and Cash Equivalents	(10,735)
Cash and Cash Equivalents, July 1	<u>10,735</u>
Cash and Cash Equivalents, June 30	<u>\$ -0-</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (60,803)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	901
Food Distribution Program	10,219
Changes in Assets and Liabilities:	
(Increase) in Inventory	(2,074)
Increase In Unearned Revenue - Prepaid Sales	2,765
(Decrease) in Unearned Revenue - Donated Commodities	(441)
Increase in Accounts Payable	<u>2,877</u>
Net Cash Used for Operating Activities	<u>\$ (46,556)</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 \$9,778 and Utilized Commodities Valued at \$10,219.

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, 2020

	Agency Funds	Unemployment Compensation Trust Fund
ASSETS:		
Cash and Cash Equivalents	\$ 526,105	\$ 73,994
Interfund Receivable		97,435
Total Assets	526,105	171,429
LIABILITIES:		
Payroll Deductions and Withholdings	6,902	
Accrued Salaries and Wages	315,068	
Due to Student Groups	79,177	
Interfund Payable	124,958	
Total Liabilities	526,105	
NET POSITION:		
Held in Trust for Unemployment Claims		171,429
Total Net Position	\$ -0-	\$ 171,429

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, 2020

	<u>Unemployment Compensation Trust Fund</u>
Additions:	
Contributions:	
Employee Contributions	\$ 12,269
Total Contributions	<u>12,269</u>
Investment Earnings:	
Interest	<u>1,086</u>
Net Investment Earnings	<u>1,086</u>
Total Additions	<u>13,355</u>
Deductions	
Unemployment Compensation Claims	<u>37,660</u>
Total Deductions	<u>37,660</u>
Change in Net Position	(24,305)
Net Position - Beginning of the Year	<u>195,734</u>
Net Position - End of the Year	<u><u>\$ 171,429</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, 2020

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, 2020
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (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, 2020
(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, 2020
(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, 2020 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, 2020
(Continued)

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 19,784,362	\$ 168,433
Differences - Budgetary to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements	69,571	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(73,933)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 19,780,000	\$ 168,433
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 19,783,899	\$ 168,433
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 19,783,899	\$ 168,433

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.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

E. Cash and Cash Equivalents and Investments (Cont'd):

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.

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.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

H. Encumbrances (Cont'd):

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, 2020.

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 acquisition value. 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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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, 2020, the amount earned by these employees but not disbursed was \$315,068.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. 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.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the \$4,041,529 General Fund fund balance at June 30, 2020, \$332,952 is assigned for encumbrances and \$200,274 is assigned as designated for subsequent year's expenditures. \$950,013 is restricted in the capital reserve account; \$105,969 has been restricted in the maintenance reserve account, \$417,000 is restricted in the tuition reserve account for fiscal year ending June 30, 2021, \$302,000 is restricted in the tuition reserve account for fiscal year ending June 30, 2022, \$550,000 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, 2022: \$650,000 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2021, and \$533,321 is unassigned fund balance, which is \$73,933 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, 2021.

Capital Projects Fund: The \$644,125 Capital Projects Fund fund balance at June 30, 2020 is restricted fund balance.

Debt Service Fund: The \$62,345 Debt Service Fund fund balance at June 30, 2020 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.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$73,933, 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 \$2,116,281 in governmental activities, which is primarily a result of accrued interest, compensated absences payable, refunding school bonds, net pension liability and the related deferred inflows and outflows. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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, 2020 for the deferred amount on refunding and for pensions. The District had deferred inflows of resources at June 30, 2020 for 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.

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, 2020.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

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, 2020.

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.

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.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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.

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.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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;
- (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 of the school district or bonds or other obligations of the local unit or units within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

Investments: (Cont'd)

- (6) Local government investment pools;
- (7) 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
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (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.
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

Investments: (Cont'd)

As of June 30, 2020, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents			Total
		Capital Reserve	Maintenance Reserve	Tuition Reserve	
Checking & Savings Accounts	\$ 3,170,403	\$ 950,013	\$ 105,969	\$ 719,000	\$ 4,945,385
	<u>\$ 3,170,403</u>	<u>\$ 950,013</u>	<u>\$ 105,969</u>	<u>\$ 719,000</u>	<u>\$ 4,945,385</u>

During the period ended June 30, 2020, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2020, was \$4,945,385 and the bank balance was \$5,974,099.

NOTE 4. CAPITAL ASSETS

	Beginning Balance 6/30/2019	Increases	Adjustments/ Decreases	Balance 6/30/2020
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 951,200			\$ 951,200
Construction in Progress	5,428,147	\$ 169,728		5,597,875
Total Capital Assets not Being Depreciated	<u>6,379,347</u>	<u>169,728</u>		<u>6,549,075</u>
Capital Assets Being Depreciated:				
Site Improvements	1,015,827			1,015,827
Buildings and Building Improvements	31,059,312	18,500		31,077,812
Machinery and Equipment	944,702	53,292		997,994
Total Capital Assets Being Depreciated	<u>33,019,841</u>	<u>71,792</u>		<u>33,091,633</u>
Governmental Activities Capital Assets	<u>39,399,188</u>	<u>241,520</u>		<u>39,640,708</u>
Less Accumulated Depreciation for:				
Site Improvements	(655,651)	(46,538)		(702,189)
Buildings and Building Improvements	(18,250,381)	(378,215)		(18,628,596)
Machinery and Equipment	(757,402)	(37,422)		(794,824)
Total Accumulated Depreciation	<u>(19,663,434)</u>	<u>(462,175)</u>		<u>(20,125,609)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 19,735,754</u>	<u>\$ (220,655)</u>	<u>\$ - 0 -</u>	<u>\$ 19,515,099</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

	Beginning Balance 6/30/2019	Increases	Adjustments/ Decreases	Balance 6/30/2020
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 71,723			\$ 71,723
Less Accumulated Depreciation	(53,091)	\$ (901)		(53,992)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 18,632	\$ (901)	\$ - 0 -	\$ 17,731
GRAND TOTAL	\$ 19,754,386	\$ (221,556)	\$ - 0 -	\$ 19,532,830

The District expended \$169,728 towards construction in progress during the fiscal year. As of June 30, 2020, the District has \$5,597,875 in an active construction project for the referendum.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 12,123
General and School Administration Services	34,333
Operations and Maintenance of Plant	5,613
General/Unallocated	410,106
	<u>\$ 462,175</u>

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2020, the school district had transfers in the capital outlay accounts and the required approval from the County Superintendent was obtained.

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, 2020
(Continued)

NOTE 6. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Balance at June 30, 2019		\$ 1,106,740
Interest Earned		10,273
Withdrawn by Board Resolution		<u>(167,000)</u>
Balance at June 30, 2020		<u>\$ (167,000)</u>

The balance in the capital reserve account at June 30, 2020 did not exceed the balance of local support costs of uncompleted capital projects in the District’s approved Long Range Facilities Plan (“LRFP”). Withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District’s 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, 2019		\$ 50,000
Increased by Board Resolution June 2020		<u>55,969</u>
Balance at June 30, 2020		<u>\$ 105,969</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. LONG-TERM LIABILITIES:

During the fiscal year ended June 30, 2020, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2019	Accrued	Retired	Balance 6/30/2020
Bonds Payable	\$ 7,310,000		\$ 780,000	\$ 6,530,000
Net Pension Liability	2,702,020		610,150	2,091,870
Unamortized Bond Premiums	175,847		43,962	131,885
Compensated Absences Payable	46,520	\$ 7,274		53,794
	\$ 10,234,387	\$ 7,274	\$ 1,434,112	\$ 8,807,549

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% to 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, 2020 as follows:

Purpose	Final Maturity Date	Interest Rate	Amount
School Refunding Bonds	2/15/2023	5.00%	\$ 1,310,000
School Bonds	7/15/2031	3.00-3.25%	5,220,000
			\$ 6,530,000

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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	
2021	\$ 795,000	\$ 220,244	\$ 1,015,244
2022	815,000	187,744	1,002,744
2023	840,000	154,444	994,444
2024	400,000	120,093	520,093
2025	415,000	107,869	522,869
2026-2030	2,260,000	341,597	2,601,597
2031-2032	1,005,000	32,906	1,037,906
	<u>\$ 6,530,000</u>	<u>\$ 1,164,897</u>	<u>\$ 7,694,897</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2020, the Board has no bonds authorized but not issued.

C. Capital Leases Payable:

As of June 30, 2020, 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, 2020 is \$0- and the long-term portion is \$2,091,870. 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, 2020 is \$43,961 and the long-term portion is \$87,924.

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 \$53,794 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, 2020
(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; or the Teachers’ Pension and Annuity Fund (TPAF); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

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/annual-reports.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. The following represents the membership tiers for PERS:

Tier	Definition
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, 2020
(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 \$113,383 for fiscal year 2020.

The employee contribution rate was 7.5% effective July 1, 2018.

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

At June 30, 2020, the District reported a liability of \$2,091,870 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.012%, which was a decrease of 0.002% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$192,253.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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)

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 5,524	
	2015	5.72	34,183	
	2016	5.57	169,174	
	2017	5.48		\$ 300,296
	2018	5.63		242,666
	2019	5.21		183,120
			<u>208,881</u>	<u>726,082</u>
Changes in Proportion	2014	6.44	16,375	
	2015	5.72		2,014
	2016	5.57		5,594
	2017	5.48		7,720
	2018	5.63	97,756	
	2019	5.21		386,862
			<u>114,131</u>	<u>402,190</u>
Net Difference Between Projected and Actual				
Investment Earnings on Pension Plan Investments	2016	5.00		(38,610)
	2017	5.00		46,335
	2018	5.00		32,229
	2019	5.00		(6,933)
				<u>33,021</u>
Difference Between Expected and Actual Experience	2015	5.72	9,484	
	2016	5.57	5,134	
	2017	5.48	8,931	
	2018	5.63		9,242
	2019	5.21	13,996	
			<u>37,545</u>	<u>9,242</u>
District Contribution Subsequent to the Measurement Date	2019	1.00	139,983	
			<u>\$ 500,540</u>	<u>\$ 1,170,535</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:

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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)

Fiscal Year Ending June 30,	Total
2020	\$ (175,718)
2021	(570,025)
2022	(508,999)
2023	(239,001)
2024	(24,541)
	\$ (1,518,284)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Management Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of actuarially determined contributions for the employers.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate (Cont'd)

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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2019 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, 2019		
	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
District's proportionate share of the Net Pension Liability	\$ 2,660,754	\$ 2,091,870	\$ 1,639,320

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/annual-reports.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. 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, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Tier	Definition
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.

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. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, 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 2020, the State of New Jersey contributed \$1,015,497 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,699,329.

The employee contribution rate was 7.50% effective July 1, 2018.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the District was \$28,810,652. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.047%, which was an increase of 0.003% from its proportion measured as of June 30, 2018.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	28,810,652
Total	\$ 28,810,652

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$1,699,329 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

The State reported collective 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, 2020
(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)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 768,874,621	
	2015	8.3	2,351,172,865	
	2016	8.3	5,609,216,856	
	2017	8.3		\$ 8,483,527,374
	2018	8.29		5,172,258,445
	2019	8.04		3,507,345,617
			8,729,264,342	17,163,131,436
Difference Between Expected and Actual Experience	2014	8.5		7,323,009
	2015	8.3	145,211,243	
	2016	8.3		69,755,412
	2017	8.3	150,939,884	
	2018	8.29	907,352,137	
	2019	8.04		136,265,890
			1,203,503,264	213,344,311
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5		
	2016	5		(431,855,192)
	2017	5		452,016,524
	2018	5		288,091,115
	2019	5		(144,882,771)
				163,369,676
			\$ 9,932,767,606	\$ 17,539,845,423

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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)

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:

Fiscal Year Ending June 30,	Total
2020	(272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	(2,402,153,865)
	\$ (7,607,077,817)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2019 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, 2019		
	At 1% Decrease (4.60%)	At Current Discount Rate (5.60%)	At 1% Increase (6.60%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 33,974,136	\$ 28,810,652	\$ 24,526,592

Pension Plan Fiduciary Net Position

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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 \$25,126 for the fiscal year ended June 30, 2020. Employee contributions to DCRP amounted to \$40,787 for the year ended June 30, 2020.

NOTE 10. 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, 2020
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (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, 2020 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, 2019 is as follows:

	New Jersey Schools Insurance Group
Total Assets	\$ 359,852,548
Net Position	\$ 107,824,596
Total Revenue	\$ 140,293,549
Total Expenses	\$ 115,049,808
Change in Net Position	\$ 25,243,741
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.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

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:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$ -0-	\$ 11,367	\$ 1,466	\$ 15,252	\$ 195,768
2018-2019	-0-	11,725	1,657	13,416	195,734
2019-2020	-0-	12,269	1,086	37,660	171,429

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2020.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 799,576	\$ 3,604
Special Revenue Fund		161,783
Capital Projects Fund		672,615
Debt Service Fund	136,503	74,158
Proprietary Fund - Food Service Fund	3,604	
Fiduciary Funds		27,523
	<u>\$ 939,683</u>	<u>\$ 939,683</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 2021 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.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 12. 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	

NOTE 13. 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 14. 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 15. CONTINGENT LIABILITIES

Litigation

The District is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such 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.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 15. CONTINGENT LIABILITIES (Cont'd)

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.

Encumbrances

At June 30, 2020, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Total Governmental Funds
\$ 332,952	\$ 332,952

NOTE 16. 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.

As of June 30, 2020 the District has \$719,000 in the Tuition Reserve for which \$417,000 and \$302,000 will be used to pay any tuition adjustments for the fiscal year ending June 30, 2021 and 2022, respectively.

NOTE 17. ACCOUNTS PAYABLE

	Governmental Funds	District Contribution Subsequent to Measurement Date	Total Governmental Activities	Business-Type Activities Proprietary Fund
General Fund				
Vendors	\$ 83,357		\$ 83,357	
Cash Deficit				\$ 2,877
State of New Jersey		\$ 139,983	139,983	
	\$ 83,357	\$ 139,983	\$ 223,340	\$ 2,877

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	<u>216,892</u>
Total	<u>364,943</u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 3.05% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 3.05% based on service years	3.00 - 7.00% based on service years

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State’s Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2018	\$ 20,089,134
Changes for Year:	
Service Cost	774,924
Interest on the Total OPEB Liability	797,024
Changes of Assumptions	271,996
Difference between Expected and Actual Experiences	(3,147,255)
Gross Benefit Payments by the State	(559,988)
Contributions from Members	16,600
Net Changes	(1,846,699)
Balance at June 30, 2019	\$ 18,242,435

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District 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, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 21,551,525	\$ 18,242,435	\$ 15,613,876

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 15,030,953	\$ 18,242,435	\$ 22,493,777

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

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of \$481,514 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
(Cont'd)

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 2,123,788
	2018	9.51		1,826,745
	2019	9.29	\$ 242,717	
			<u>242,717</u>	<u>3,950,533</u>
Differences Between Expected and Actual Experience	2018	9.51		1,726,843
	2019	9.29		2,856,802
				<u>4,583,645</u>
Changes in Proportion	N/A	N/A		53,437
			<u>\$ 242,717</u>	<u>\$ 8,587,615</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2020	\$ (1,113,249)
2021	(1,113,249)
2022	(1,113,249)
2023	(1,113,249)
2024	(1,113,249)
Thereafter	<u>(2,725,216)</u>
	<u>\$ (8,291,461)</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 19. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. The District's state aid in the General Fund was reduced after their budget was adopted due to the reduction of state aid provided to certain school districts by the State of New Jersey. Also, there have been additional operating expenses in the General Fund not planned for or expected at the time of the adoption of the District's 2020-21 budget related to COVID-19.

Additionally, the District's cash flow in the Governmental Funds may be affected by the timing of the collection of the District's tax levy as well as certain State aid payments.

The Food Service Enterprise Fund has been impacted by COVID-19 for the fiscal year ending June 30, 2021 as the number of students in the building has been reduced, resulting in fewer meals claimed for federal and state reimbursements and no daily sales revenue.

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.0133120961%	0.0132291256%	0.0131292071%	0.0103050938%	0.0137231494%	0.0116095784%
District's proportionate share of the net pension liability	\$ 2,492,388	\$ 2,969,674	\$ 3,888,495	\$ 3,038,050	\$ 2,702,020	\$ 2,091,870
District's covered employee payroll	\$ 899,543	\$ 902,229	\$ 891,550	\$ 909,100	\$ 909,754	\$ 883,951
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	277.07%	329.15%	436.15%	334.18%	297.01%	236.65%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 119,037	\$ 113,735	\$ 117,614	\$ 136,412	\$ 137,291	\$ 113,383
Contributions in relation to the contractually required contribution	<u>(119,037)</u>	<u>(113,735)</u>	<u>(117,614)</u>	<u>(136,412)</u>	<u>(137,291)</u>	<u>(113,383)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 902,229	\$ 891,550	\$ 909,100	\$ 909,754	\$ 883,951	\$ 920,640
Contributions as a percentage of covered employee payroll	13.19%	12.76%	12.94%	14.99%	15.53%	12.32%

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	0.112527050%	0.0385863627%	0.0376905659%	0.0394616171%	0.0440913517%	0.0469450974%
State's proportionate share of the net pension liability attributable to the District	\$ 19,801,491	\$ 24,388,229	\$ 29,649,799	\$ 26,606,456	\$ 28,049,971	\$ 28,810,652
District's covered employee payroll	\$ 3,616,105	\$ 3,887,313	\$ 3,825,033	\$ 4,415,822	\$ 4,898,571	\$ 5,219,128
State's proportionate share of the net pension liability attributable to the district as a percentage of the District's covered employee payroll	547.59%	627.38%	775.15%	602.53%	572.62%	552.02%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

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

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 1,065,506	\$ 1,489,121	\$ 2,227,770	\$ 1,843,160	\$ 1,635,214	\$ 1,699,329
Contributions in relation to the contractually required contribution	(208,612)	(301,766)	(428,346)	(649,310)	(923,297)	(1,015,497)
Contribution deficiency/(excess)	<u>\$ 856,894</u>	<u>\$ 1,187,355</u>	<u>\$ 1,798,218</u>	<u>\$ 1,193,850</u>	<u>\$ 711,917</u>	<u>\$ 683,832</u>
District's covered employee payroll	\$ 3,887,313	\$ 3,825,033	\$ 4,415,822	\$ 4,898,571	\$ 5,219,128	\$ 5,267,307
Contributions as a percentage of covered employee payroll	5.37%	7.89%	9.70%	13.26%	17.69%	19.28%

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 CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 1,015,043	\$ 837,818	\$ 774,924
Interest Cost	737,184	851,575	797,024
Changes in Assumptions	(3,136,382)	(2,305,329)	271,996
Difference between Expected and Actual Experience		(1,982,540)	(3,147,255)
Member Contributions	19,792	18,566	16,600
Gross Benefit Payments	<u>(537,505)</u>	<u>(537,176)</u>	<u>(559,988)</u>
Net Change in Total OPEB Liability	(1,901,868)	(3,117,086)	(1,846,699)
Total OPEB Liability - Beginning	<u>25,108,088</u>	<u>23,206,220</u>	<u>20,089,134</u>
Total OPEB Liability - Ending	<u>\$ 23,206,220</u>	<u>\$ 20,089,134</u>	<u>\$ 18,242,435</u>
District's Covered Employee Payroll *	\$ 4,716,583	\$ 5,324,922	\$ 5,808,325
Total OPEB Liability as a Percentage of Covered Employee Payroll	492%	377%	314%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and 2019 are based on the payroll on the June 30, 2016, 2017, and 2018 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%.

The inflation rate was 2.25% as of June 30, 2018. As of June 30, 2019, the inflation rate was as follows – Price – 2.75% and Wage – 3.25%. The salary increases as of June 30, 2018 were as follows: Through 2026 – 1.65% - 4.15% based on age and Thereafter – 2.65% - 5.15% based on age. The salary increases as of June 30, 2019 are as follows: Through 2026 – 2.00% - 6.00% based on years of service and Thereafter – 3.00% - 7.00% based on years of service.

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the plan actuary's modified MP-2014 projection scale thereafter. 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 July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%. The inflation rate as of June 30, 2018 was 2.25%. The inflation rate as of June 30, 2019 was as follows: Price – 2.75% and Wage – 3.25%.

The salary increases in the July 1, 2018 valuation were as follows: Through 2026 - 1.55 – 4.45% based on years of service and thereafter - 2.75 – 5.65% based on years of service. The salary increases in the July 1, 2017 valuation were as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2018 valuation were as follows: Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEN PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 16,545,423		\$ 16,545,423	\$ 16,545,423	
Tuition - Other Leads within the State	10,000		10,000	91,305	\$ 81,305
Tuition - Individuals	120,000		120,000	115,038	(4,962)
Interest on Capital Reserve				10,273	10,273
Unrestricted Miscellaneous Revenue	10,000		10,000	55,009	45,009
Total - Local Sources	16,685,423		16,685,423	16,817,048	131,625
State Sources:					
Transportation Aid	95,804		95,804	95,804	
Special Education Aid	566,520		566,520	566,520	
School Choice Aid	204,012		204,012	204,012	
Security Aid	15,093		15,093	15,093	
Extraordinary Aid				245,289	245,289
Homeless Tuition				45,713	45,713
Non Public Transportation				2,142	2,142
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				1,015,497	1,015,497
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				18,202	18,202
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				958	958
TPAF Post Retirement (On-Behalf - Non-Budgeted)				383,483	383,483
TPAF Social Security (Reimbursed - Non-Budgeted)				374,601	374,601
Total State Sources	881,429		881,429	2,967,314	2,085,885
TOTAL REVENUE	17,566,852		17,566,852	19,784,362	2,217,510

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 125,587		\$ 125,587	\$ 112,348	\$ 13,239
Kindergarten - Salaries of Teachers	341,877		341,877	265,180	76,697
Grades 1-5 - Salaries of Teachers	1,927,422	\$ 67,049	1,994,471	1,957,786	36,685
Grades 6-8 - Salaries of Teachers	1,583,341	(129,848)	1,453,493	1,408,437	45,056
Regular Programs - Home Instruction:					
Salaries of Teachers	7,000		7,000		7,000
Purchased Professional and Education Services	2,000	1,300	3,300	3,080	220
Regular Programs - Undistributed Instruction:					
Purchased Professional - Technical Services	6,000		6,000	3,452	2,548
Other Purchased Services (400-500 series)	139,648	(31,284)	108,364	107,572	792
General Supplies	128,302	(24,608)	103,694	99,568	4,126
Textbooks	51,000	(1,182)	49,818	48,810	1,008
Total Regular Programs - Instruction	4,312,177	(118,573)	4,193,604	4,006,233	187,371
Special Education - Instruction:					
Multiple Disabilities:					
Salries of Teachers	118,805	9,228	128,033	128,033	
Other Salaries for Instruction	36,000	(9,229)	26,771		26,771
General Supplies	12,000	(1,898)	10,102	9,300	802
Total Multiple Disabilities	166,805	(1,899)	164,906	137,333	27,573
Resource Room/Resource Center:					
Salaries of Teachers	415,514	(5,014)	410,500	410,500	
Other Salaries for Instruction	336,777	47,531	384,308	384,308	
General Supplies	5,500	(2,036)	3,464	3,460	4
Total Resource Room/Resource Center	757,791	40,481	798,272	798,268	4

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Preschool Disabilities - Full-Time:					
General Supplies		\$ 1,600	\$ 1,600	\$ 1,424	\$ 176
Total Preschool Disabilities - Full-Time		1,600	1,600	1,424	176
Total Special Education - Instruction	\$ 924,596	40,182	964,778	937,025	27,753
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	115,582	7,009	122,591	115,082	7,509
General Supplies	1,275	(588)	687	687	
Total Basic Skills/Remedial - Instruction	116,857	6,421	123,278	115,769	7,509
Bilingual Education - Instruction:					
Salaries for Teachers	48,127	6,203	54,330	49,433	4,897
General Supplies	4,400	(515)	3,885	3,885	
Total Bilingual Education - Instruction	52,527	5,688	58,215	53,318	4,897
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	58,651	4,370	63,021	50,175	12,846
Purchased Services (300-500 series)	700		700	700	700
Supplies and Materials	11,624	(7,515)	4,109	1,490	2,619
Total School-Sponsored Cocurricular Activities - Instruction	70,975	(3,145)	67,830	51,665	16,165

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 60,000	\$ 1,909	\$ 61,909	\$ 59,809	\$ 2,100
Supplies and Materials	3,406		3,406	2,596	810
Other Object	2,550		2,550	2,100	450
Transfers to Cover Deficit (Agency Funds)	5,600		5,600	5,600	
Total School-Sponsored Cocurricular Athletics - Instruction	71,556	1,909	73,465	70,105	3,360
Total Instruction	5,548,688	(67,518)	5,481,170	5,234,115	247,055
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	4,179,812	133	4,179,945	4,179,945	
Tuition to Other LEAs Within the State - Special	95,000	117,720	212,720	207,719	5,001
Tuition to County Vocational School District - Regular	50,050	24,426	74,476	74,476	
Tuition to Private Schools for the Handicapped - Within State	1,513,081	7,298	1,520,379	1,351,293	169,086
Total Undistributed Expenditures - Instruction	5,837,943	149,577	5,987,520	5,813,433	174,087
Health Services:					
Salaries	136,607		136,607	127,885	8,722
Purchased Professional and Technical Services	27,400	(13,609)	13,791	11,461	2,330
Supplies and Materials	6,901	(1,467)	5,434	4,699	735
Total Health Services	170,908	(15,076)	155,832	144,045	11,787

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	\$ 69,542	\$ 3,188	\$ 72,730	\$ 69,542	\$ 3,188
Purchased Professional - Educational Services	169,264	(7,137)	162,127	155,268	6,859
Supplies and Materials	800	(195)	605	598	7
Total Other Support Services - Speech, OT, PT and Related Services	<u>239,606</u>	<u>(4,144)</u>	<u>235,462</u>	<u>225,408</u>	<u>10,054</u>
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	151,661		151,661	146,051	5,610
Purchased Professional - Educational Services	5,989	(2,867)	3,122	1,780	1,342
Supplies and Materials	800	(200)	600	500	100
Total Other Support Services - Students - Guidance	<u>158,450</u>	<u>(3,067)</u>	<u>155,383</u>	<u>148,331</u>	<u>7,052</u>
Other Support Services - Students - Child Study Team:					
Salaries of Other Professional Staff	326,664	6,002	332,666	320,048	12,618
Salaries of Secretarial and Clerical Assistants	44,932		44,932	41,188	3,744
Purchased Professional - Educational Services	103,846	137	103,983	86,308	17,675
Supplies and Materials	23,361		23,361	22,996	365
Total Other Support Services - Students - Child Study Team	<u>498,803</u>	<u>6,139</u>	<u>504,942</u>	<u>470,540</u>	<u>34,402</u>
Educational Media Services/School Library:					
Salaries	65,393	5,800	71,193	71,192	1
Purchased Professional and Technical Services	11,000	(7,000)	4,000	4,000	
Other Purchased Services (400-500 Series)	59,750	(22,483)	37,267	16,080	21,187
Supplies and Materials	9,450	(2,206)	7,244	7,244	
Total Educational Media Services/School Library	<u>145,593</u>	<u>(25,889)</u>	<u>119,704</u>	<u>98,516</u>	<u>21,188</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	\$ 166,951	\$ 2,034	\$ 168,985	\$ 168,985	\$ 1,166
Salaries of Other Professional Staff	3,200	(2,034)	1,166		
Salaries of Facilitators, Math, Literacy Coaches	49,001	22,273	71,274	71,274	
Purchased Professional Education Services	33,270	(17,083)	16,187	13,938	2,249
Other Purchased Services (400-500 series)	34,000	(4,036)	29,964	23,721	6,243
Supplies and Materials	44,813	(11,258)	33,555	30,865	2,690
Total Improvement of Instructional Services	331,235	(10,104)	321,131	308,783	12,348
Instructional Staff Training Services:					
Purchased Professional and Technical Services	24,703	1	24,704	7,519	17,185
Other Purchased Services (400-500 series)	3,000	(3,000)			
Total Instructional Staff Training Services	27,703	(2,999)	24,704	7,519	17,185
Support Services - General Administration:					
Salaries	237,167		237,167	234,793	2,374
Legal Services	24,500		24,500	23,753	747
Audit Fees	33,800		33,800	33,600	200
Architectural/Engineering Fees	7,000		7,000	7,000	
Other Purchased Services	15,250	4,466	19,716	19,165	551
Communications/Telephone	79,393	19,308	98,701	76,484	22,217
BOE Other Purchased Professional Services	500	(500)			
Other Purchased Services (400-500 series)	20,000	(3,340)	16,660	16,147	513
General Supplies	2,000		2,000		2,000
BOE In-House Training/ Meeting Supplies	1,000		1,000	732	268
Miscellaneous Expenditures	4,000	(74)	3,926	3,397	529
BOE Membership Dues and Fees	8,550	(626)	7,924	7,583	341
Total Support Services - General Administration	433,160	19,234	452,394	422,654	29,740

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 213,008	\$ 9,222	\$ 222,230	\$ 222,230	
Salaries of Secretarial and Clerical Assistants	140,708	811	141,519	141,518	\$ 1
Other Purchased Services (400-500 series)	3,250	(2,286)	964	964	
Supplies and Materials	4,400	2,367	6,767	6,761	6
Other Objects	3,125	594	3,719	3,709	10
Total Support Services - School Administration	364,491	10,708	375,199	375,182	17
Central Services:					
Salaries	270,307	5,260	275,567	275,567	
Purchased Technical Services	8,000	(291)	7,709	7,242	467
Miscellaneous Purchased Services (400-500 series)	6,000	(631)	5,369	5,094	275
Supplies and Materials	5,000	983	5,983	5,983	
Miscellaneous Expenditures	1,500	(60)	1,440	1,440	
Total Central Services	290,807	5,261	296,068	295,326	742
Administrative Information Technology:					
Salaries	55,000	(5,260)	49,740	49,519	221
Purchased Technical Services	15,000		15,000	7,675	7,325
Other Purchased Services (400-500 Series)	3,000		3,000	1,414	1,586
Supplies and Materials	5,000		5,000	2,998	2,002
Total Administrative Information Technology	78,000	(5,260)	72,740	61,606	11,134

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Required Maintenance of School Facilities:					
Salaries	\$ 130,107	\$ 1,590	\$ 131,697	\$ 131,697	
Cleaning, Repair and Maintenance Services	171,155	(52,384)	118,771	103,877	\$ 14,894
General Supplies	30,000	(9,590)	20,410	18,287	2,123
Other Objects	24,000		24,000	20,345	3,655
Total Required Maintenance of School Facilities	355,262	(60,384)	294,878	274,206	20,672
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	15,000	1,064	16,064	16,064	
General Supplies	6,000		6,000	1,921	4,079
Total Care and Upkeep of Grounds	21,000	1,064	22,064	17,985	4,079
Security:					
Salaries	19,508	2,556	22,064	22,064	
Cleaning, Repair, and Maintenance Services	37,500	(33,833)	3,667	395	3,272
General Supplies	2,000	(723)	1,277	635	642
Total Security	59,008	(32,000)	27,008	23,094	3,914
Custodial Services:					
Salaries	338,331	(3,848)	334,483	302,231	32,252
Cleaning, Repairs, and Maintenance Services	3,000	(3,000)			
Rental of Land & Building Other Than Lease Purchase Agreements	30,000	1,827	31,827	31,827	
Other Purchased Property Services	3,000	(3,000)			
Insurance	70,500	1,657	72,157	72,157	
Miscellaneous Purchased Services	43,000	(776)	42,224	40,746	1,478

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Custodial Services (Cont'd):					
General Supplies	\$ 35,000	\$ (3,168)	\$ 31,832	\$ 26,334	\$ 5,498
Energy (Natural Gas)	44,068		44,068	39,720	4,348
Energy (Electricity)	171,000	(1,483)	169,517	136,151	33,366
Energy (Gasoline)	2,000		2,000	1,562	438
Total Custodial Services	<u>739,899</u>	<u>(11,791)</u>	<u>728,108</u>	<u>650,728</u>	<u>77,380</u>
Student Transportation Services:					
Contracted Services: Other Between Home and School - Vendors	25,000	409	25,409	25,409	
Contracted Services: Between Home and School - Joint Agreement	22,000	(11,334)	10,666	10,666	
Contracted Services: Regular Students - ESC's	408,000	2,117	410,117	410,117	
Contracted Services: Special Education Students - ESC's	411,000	167,173	578,173	578,173	
Contracted Services: Aid in Lieu of Payments - Non Public Schools	80,000	(19,370)	60,630	33,294	27,336
Miscellaneous Purchased Services - Transportation	3,700	(3,700)			
Transportation Supplies	500	(500)			
Total Student Transportation Services	<u>950,200</u>	<u>134,795</u>	<u>1,084,995</u>	<u>1,057,659</u>	<u>27,336</u>
Unallocated Benefits:					
Social Security Contribution	150,000	11,640	161,640	159,847	1,793
Other Retirement Contributions - PERS	129,000	(11,641)	117,359	113,383	3,976
Other Retirement Contributions - Regular	26,000		26,000	25,126	874
Unemployment Compensation	40,000	(39,585)	415		415
Workmen's Compensation	70,500	9,768	80,268	80,268	
Health Benefits	1,901,593	(200,589)	1,701,004	1,593,338	107,666
Tuition Reimbursement	22,000	4,431	26,431	26,431	
Other Employee Benefits	68,200	(4,212)	63,988	33,573	30,415
Total Unallocated Benefits	<u>2,407,293</u>	<u>(230,188)</u>	<u>2,177,105</u>	<u>2,031,966</u>	<u>145,139</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
On-Behalf Contributions:					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				\$ 1,015,497	\$ (1,015,497)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				18,202	(18,202)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				958	(958)
TPAF Post Retirement (On-Behalf - Non-Budgeted)				383,483	(383,483)
TPAF Social Security (Reimbursed - Non-Budgeted)				374,601	(374,601)
Total On-Behalf Contributions				1,792,741	(1,792,741)
Total Undistributed Expenditures	\$ 13,109,361	\$ (74,124)	\$ 13,035,237	14,219,722	(1,184,485)
TOTAL CURRENT EXPENSE	18,658,049	(141,642)	18,516,407	19,453,837	(937,430)
CAPITAL OUTLAY:					
Equipment:					
Grades 6-8	38,200	(38,200)			
Undistributed Expenditures - Care and Upkeep of Grounds		230,178	230,178	63,080	167,098
Total Equipment	38,200	191,978	230,178	63,080	167,098
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services		18,500	18,500	18,500	
Construction Services		34,450	34,450		34,450
Other Objects - Debt Service Assessment	56,562		56,562	56,562	
Total Facilities Acquisition and Construction Services	56,562	52,950	109,512	75,062	34,450
Total Capital Outlay	94,762	244,928	339,690	138,142	201,548
Transfer Funds to Charter Schools	132,426	59,494	191,920	191,920	
TOTAL EXPENDITURES	18,885,237	162,780	19,048,017	19,783,899	(735,882)

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ (1,318,385)	\$ (162,780)	\$ (1,481,165)	\$ 463	\$ 1,481,628
Other Financing Sources/ (Uses):					
Transfer to Food Service Enterprise Fund		(4,220)	(4,220)	(4,220)	
Total Other Financing Sources/ (Uses)		(4,220)	(4,220)	(4,220)	
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,318,385)	(167,000)	(1,485,385)	(3,757)	1,481,628
Fund Balance, July 1	4,119,219		4,119,219	4,119,219	
Fund Balance, June 30	\$ 2,800,834	\$ (167,000)	\$ 2,633,834	\$ 4,115,462	\$ 1,481,628
<u>Recapitulation:</u>					
Restricted:					
Capital Reserve				\$ 950,013	
Tuition Reserve - 2020-2021 Budget				417,000	
Tuition Reserve - 2021-2022 Budget				302,000	
Maintenance Reserve				105,969	
Excess Surplus - 2020-2021 Budget				650,000	
Excess Surplus - 2021-2022 Budget				550,000	
Assigned:					
Designated for Subsequent Year's Expenditures				200,274	
Year End Encumbrances				332,952	
Unassigned Fund Balance				607,254	
				4,115,462	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				(73,933)	
Fund Balances per Governmental Funds (GAAP)				\$ 4,041,529	

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources	\$ 30,000	\$ 4,879	\$ 34,879	\$ 6,185	\$ (28,694)
Federal Sources	111,836	61,876	173,712	162,248	(11,464)
Total Revenue	141,836	66,755	208,591	168,433	(40,158)
Expenditures:					
Instruction:					
Salaries of Teachers		4,458	4,458	4,458	
Purchased Professional/Technical Services	12,019	(2,750)	9,269	7,000	2,269
Tuition	99,817	42,565	142,382	142,382	
General Supplies	30,000	12,440	42,440	13,746	28,694
Total Instruction	141,836	56,713	198,549	167,586	30,963
Support Services:					
Supplies and Materials		10,042	10,042	847	9,195
Total Support Services		10,042	10,042	847	9,195
Total Expenditures	\$ 141,836	\$ 66,755	\$ 208,591	\$ 168,433	\$ 40,158

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 19,784,362	\$ 168,433
Differences - Budgetary to GAAP:		
Prior Year State Aid Payment Recognized for GAAP Statements	69,571	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(73,933)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and and Changes in Fund Balances - Governmental Funds.	\$ 19,780,000	\$ 168,433
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 19,783,899	\$ 168,433
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 19,783,899	\$ 168,433

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, 2020 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).

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, 2020

	<u>Local Grants</u>	<u>CARES Acts</u>	<u>Elementary and Secondary Education Act</u>	
			<u>Title I</u>	<u>Title IIA</u>
REVENUE:				
Local Sources	\$ 6,185			
Federal Sources		\$ 847	\$ 12,019	\$ 7,000
	<u>6,185</u>	<u>847</u>	<u>12,019</u>	<u>7,000</u>
Total Revenue	<u>6,185</u>	<u>847</u>	<u>12,019</u>	<u>7,000</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers			4,458	
Purchased Professional/Technical Services				7,000
Tuition				
General Supplies	6,185		7,561	
	<u>6,185</u>		<u>12,019</u>	<u>7,000</u>
Total Instruction	<u>6,185</u>		<u>12,019</u>	<u>7,000</u>
Support Services:				
Supplies and Materials		847		
		<u>847</u>		
Total Support Services		<u>847</u>		
Total Expenditures	<u>\$ 6,185</u>	<u>\$ 847</u>	<u>\$ 12,019</u>	<u>\$ 7,000</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	IDEA		Totals
	Part B	Preschool	
REVENUE:			
Local Sources			\$ 6,185
Federal Sources	\$ 136,575	\$ 5,807	162,248
Total Revenue	<u>136,575</u>	<u>5,807</u>	<u>168,433</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers			4,458
Purchased Professional/Technical Services			7,000
Tuition	136,575	5,807	142,382
General Supplies			13,746
Total Instruction	<u>136,575</u>	<u>5,807</u>	<u>167,586</u>
Support Services:			
Supplies and Materials			847
Total Support Services			<u>847</u>
Total Expenditures	<u>\$ 136,575</u>	<u>\$ 5,807</u>	<u>\$ 168,433</u>

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, 2020

Revenue:	
Interest Earned	\$ 26,361
Total Revenues	<u>26,361</u>
Expenditures:	
Construction Services	<u>169,728</u>
Total Expenditures	<u>169,728</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(143,367)
Other Financing Sources/(Uses):	
Transfers Out - Debt Service Fund	<u>(26,361)</u>
Total Other Financing Sources/(Uses)	<u>(26,361)</u>
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(169,728)
Fund Balance - Beginning Balance	<u>813,853</u>
Fund Balance - Ending Balance	<u>\$ 644,125</u>
<u>Recapitulation:</u>	
Restricted Fund Balance	<u>\$ 644,125</u>

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, 2020

	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	5,428,147	\$ 169,728	5,597,875	6,242,000
Total Expenditures	5,428,147	169,728	5,597,875	6,242,000
Excess/Deficiency of Revenue and Other Financing Sources Over/Under Expenditures	\$ 813,853	\$ (169,728)	\$ 644,125	\$ -0-

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
Bond Authorization Date	9/27/2017
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	89.68%
Original Target Completion Date	06/30/19
Revised Target Completion Date	12/31/20

PROPRIETARY FUNDS

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS:

Current Assets:

Intergovernmental Accounts Receivable:

Federal	\$ 1,764
State	28

Interfund Accounts Receivable:

General Fund	3,604
--------------	-------

Inventories	6,088
-------------	-------

Total Current Assets	11,484
----------------------	--------

Non-Current Assets:

Capital Assets, Net of Depreciation

Depreciable Furniture and Equipment	17,731
-------------------------------------	--------

Total Non-Current Assets	17,731
--------------------------	--------

Total Assets	29,215
--------------	--------

LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors	2,877
----------------------------	-------

Unearned Revenue - Prepaid Sales	5,694
----------------------------------	-------

Unearned Revenue - Donated Commodities	1,946
--	-------

Total Current Liabilities	10,517
---------------------------	--------

NET POSITION:

Investment in Capital Assets	17,731
------------------------------	--------

Unrestricted	967
--------------	-----

Total Net Position	\$ 18,698
--------------------	-----------

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, 2020

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 33,265
Daily Sales - Non-Reimbursable Programs	20,300
	<hr/>
Total Operating Revenue	53,565
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	32,853
Cost of Sales - Non-Reimbursable Programs	20,049
Salaries, Benefits & Payroll Taxes	34,594
Supplies, Insurance & Other Costs	17,811
Management Fee	8,160
Depreciation Expense	901
	<hr/>
Total Operating Expenses	114,368
	<hr/>
Operating Loss	(60,803)
Non-Operating Income:	
Local Sources:	
Interest Income	143
State Sources:	
State School Lunch Program	829
State School Lunch Program - Seamless Summer Option	123
Federal Sources:	
National School Lunch Program	20,356
National School Lunch Program - Seamless Summer Option	7,746
Food Distribution Program	10,219
	<hr/>
Total Non-Operating Income	39,416
	<hr/>
Change in Net Position	(21,387)
Transfer from General Fund	4,220
Net Position - Beginning of Year	35,865
	<hr/>
Net Position - End of Year	\$ 18,698
	<hr/> <hr/>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 53,565
Payments to Employees	(34,594)
Payments to Food Service Vendor	(47,716)
Payments to Suppliers	(17,811)
Net Cash Used for Operating Activities	<u>(46,556)</u>
Cash Flows Provided for Investing Activities:	
Local Sources:	
Interest Income	143
Net Cash Provided by Investing Activities	<u>143</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	1,045
Federal Sources:	
National School Lunch Program	28,924
Prior Year Interfund Returned - General Fund	1,489
Board Contribution - General Fund	4,220
Net Cash Provided by Noncapital Financing Activities	<u>35,678</u>
Net Decrease in Cash and Cash Equivalents	(10,735)
Cash and Cash Equivalents, July 1	<u>10,735</u>
Cash and Cash Equivalents, June 30	<u><u>\$ -0-</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (60,803)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	901
Food Distribution Program	10,219
Changes in Assets and Liabilities:	
(Increase) in Inventory	(2,074)
Increase In Unearned Revenue - Prepaid Sales	2,765
(Decrease) in Unearned Revenue - Donated Commodities	(441)
Increase in Accounts Payable	2,877
Net Cash Used for Operating Activities	<u><u>\$ (46,556)</u></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 \$9,778 and Utilized Commodities Valued at \$10,219.

FIDUCIARY FUNDS

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	<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	\$ 435,634	\$ 90,471	\$ 526,105	\$ 73,994
Interfund Receivable Payroll Agency Fund				97,435
Total Assets	435,634	90,471	526,105	171,429
LIABILITIES:				
Payroll Deductions and Withholdings	6,902		6,902	
Accrued Salaries and Wages	315,068		315,068	
Due to Student Groups		79,177	79,177	
Interfund Payable:				
General Fund	16,229	11,294	27,523	
Unemployment Compensation Trust Fund	97,435		97,435	
Total Liabilities	435,634	90,471	526,105	
NET POSITION:				
Held in Trust for Unemployment Claims				171,429
	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 171,429</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Unemployment Compensation Trust Fund</u>	<u>Totals</u>
Additions:		
Contributions:		
Employee Contributions	\$ 12,269	\$ 12,269
Total Contributions	<u>12,269</u>	<u>12,269</u>
Investment Earnings:		
Interest	<u>1,086</u>	<u>1,086</u>
Net Investment Earnings	<u>1,086</u>	<u>1,086</u>
Total Additions	<u>13,355</u>	<u>13,355</u>
Deductions		
Unemployment Compensation Claims	<u>37,660</u>	<u>37,660</u>
Total Deductions	<u>37,660</u>	<u>37,660</u>
Change in Net Position	(24,305)	(24,305)
Net Position - Beginning of the Year	<u>195,734</u>	<u>195,734</u>
Net Position - End of the Year	<u>\$ 171,429</u>	<u>\$ 171,429</u>

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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 51,072	\$ 107,511	\$ 68,112	\$ 90,471
Total Assets	<u>\$ 51,072</u>	<u>\$ 107,511</u>	<u>\$ 68,112</u>	<u>\$ 90,471</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Interfund Payable General Fund	\$ 11,294			\$ 11,294
Due to Student Groups	<u>39,778</u>	<u>\$ 107,511</u>	<u>\$ 68,112</u>	<u>79,177</u>
Total Liabilities	<u>\$ 51,072</u>	<u>\$ 107,511</u>	<u>\$ 68,112</u>	<u>\$ 90,471</u>

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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2020</u>
Student Activities Account	\$ 33,229	\$ 101,847	\$ 64,692	\$ 70,384
Referee Account	<u>6,549</u>	<u>5,664</u>	<u>3,420</u>	<u>8,793</u>
Total All School Accounts	<u>\$ 39,778</u>	<u>\$ 107,511</u>	<u>\$ 68,112</u>	<u>\$ 79,177</u>

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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 393,304	\$ 8,439,428	\$ 8,397,098	\$ 435,634
Total Assets	<u>\$ 393,304</u>	<u>\$ 8,439,428</u>	<u>\$ 8,397,098</u>	<u>\$ 435,634</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 2,743	\$ 8,103,238	\$ 8,099,079	\$ 6,902
Accrued Salaries and Wages	292,846	315,068	292,846	315,068
Intefund Payable:				
General Fund	12,549	3,680		16,229
Unemployment Compensation Trust Fund	85,166	17,442	5,173	97,435
Total Liabilities	<u>\$ 393,304</u>	<u>\$ 8,439,428</u>	<u>\$ 8,397,098</u>	<u>\$ 435,634</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		Interest Rate	Retired or Matured	Balance June 30, 2019	Balance June 30, 2020
			Date	Outstanding June 30, 2020 Amount				
Refunding School Bonds	06/01/11	\$ 4,470,000	02/15/21	\$ 425,000	5.000%			
			02/15/22	435,000	5.000%			
			02/15/23	450,000	5.000%	\$ 425,000	\$ 1,735,000	\$ 1,310,000
Various Improvements to Borough Schools	12/15/16	6,242,000	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%					
						5,575,000	355,000	5,220,000
						<u>\$ 7,310,000</u>	<u>\$ 780,000</u>	<u>\$ 6,530,000</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 802,005		\$ 802,005	\$ 802,005	
State Sources:					
Debt Service Aid Type II	177,011		177,011	177,011	
Total Revenues	979,016		979,016	979,016	
EXPENDITURES:					
Regular Debt Service:					
Interest	252,369		252,369	252,369	
Redemption of Principal	780,000		780,000	780,000	
Total Regular Debt Service	1,032,369		1,032,369	1,032,369	
Total Expenditures	1,032,369		1,032,369	1,032,369	
Other Financing Sources:					
Transfers In - Capital Projects Fund				26,361	\$ 26,361
Total Other Financing Sources				26,361	26,361
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(53,353)		(53,353)	(26,992)	26,361
Fund Balance, July 1	89,337		89,337	89,337	
Fund Balance, June 30	\$ 35,984	\$ -0-	\$ 35,984	\$ 62,345	\$ 26,361
Recapitulation:					
Restricted Fund Balance				\$ 62,345	

STATISTICAL SECTION
(UNAUDITED)

This part of the District'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 District's overall financial health.

Contents

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District'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 District's current levels of outstanding debt and the District'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 District'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 District's operations and resources to help the reader understand how the District's financial information relates to the services the District 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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in Capital Assets	\$ 10,945,202	\$ 11,179,959	\$ 11,296,836	\$ 11,443,546	\$ 11,962,473	\$ 12,246,143	\$ 12,692,104	\$ 13,000,985	\$ 13,302,968	\$ 13,676,743
Restricted	1,069,956	1,400,007	1,513,176	1,758,329	2,471,676	2,954,975	2,588,370	2,718,589	3,313,077	3,037,327
Unrestricted/(Deficit)	166,853	86,182	285,399	(1,600,072)	(2,108,562)	(2,251,451)	(2,415,185)	(2,384,597)	(2,458,730)	(2,116,281)
Total Governmental Activities Net Position	\$ 12,182,011	\$ 12,666,148	\$ 13,095,411	\$ 11,601,803	\$ 12,325,587	\$ 12,949,667	\$ 12,865,289	\$ 13,334,977	\$ 14,157,315	\$ 14,597,789
Business-Type Activities										
Investment in Capital Assets	\$ 22,767	\$ 31,471	\$ 27,197	\$ 23,318	\$ 18,652	\$ 15,112	\$ 23,412	\$ 19,533	\$ 18,632	\$ 17,731
Unrestricted	18,045	8,455	7,608	14,108	12,919	9,752	10,714	8,512	17,233	967
Total Business-Type Activities Net Position	\$ 40,812	\$ 39,926	\$ 34,805	\$ 37,426	\$ 31,571	\$ 24,864	\$ 34,126	\$ 28,045	\$ 35,865	\$ 18,698
District-Wide										
Net Investment in Capital Assets	\$ 10,967,969	\$ 11,211,430	\$ 11,324,033	\$ 11,466,864	\$ 11,981,125	\$ 12,261,255	\$ 12,715,516	\$ 13,020,518	\$ 13,321,600	\$ 13,694,474
Restricted	1,069,956	1,400,007	1,513,176	1,758,329	2,471,676	2,954,975	2,588,370	2,718,589	3,313,077	3,037,327
Unrestricted/(Deficit)	184,898	94,637	293,007	(1,585,964)	(2,095,643)	(2,241,699)	(2,404,471)	(2,376,085)	(2,441,497)	(2,115,314)
Total District Net Position	\$ 12,222,823	\$ 12,706,074	\$ 13,130,216	\$ 11,639,229	\$ 12,357,158	\$ 12,974,531	\$ 12,899,415	\$ 13,363,022	\$ 14,193,180	\$ 14,616,487

MORRIS PLAINS BOROUGH SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 4,232,330	\$ 4,439,994	\$ 4,509,210	\$ 4,443,456	\$ 5,168,959	\$ 5,904,917	\$ 6,309,797	\$ 7,252,349	\$ 7,108,223	\$ 6,864,703
Special Education	1,100,359	1,265,917	1,372,828	1,387,168	1,880,116	2,033,797	2,441,312	2,209,507	1,767,664	1,773,076
Other Instruction	322,630	270,553	333,603	277,576	308,633	438,998	458,758	503,797	509,288	497,189
Support Services:										
Tuition	4,727,528	4,664,999	4,813,104	4,673,662	4,727,473	4,319,777	4,512,658	4,977,045	5,186,563	5,813,433
Student & Instruction Related Services	1,175,150	1,188,869	1,384,421	1,477,922	1,467,110	1,669,864	1,749,831	1,482,176	1,563,648	1,687,126
General and Business Administrative Services	481,711	493,717	483,959	361,504	372,336	431,732	492,622	526,262	529,941	489,169
School Administrative Services	370,046	405,968	418,865	458,597	539,080	565,157	684,924	729,600	668,636	680,986
Central Services	283,960	279,952	308,215	312,066	333,638	324,724	354,387	367,261	389,835	372,338
Administrative Information Technology	91,132	93,331	10,192	32,286	30,863	7,194	11,753	113,637	120,496	75,445
Plant Operations And Maintenance	1,068,762	1,053,227	1,018,900	1,148,966	1,143,834	1,101,142	1,208,502	1,084,206	1,141,241	1,108,983
Pupil Transportation	603,024	639,047	671,570	747,381	733,951	748,157	852,765	950,618	944,365	1,057,659
Interest On Long-Term Debt	166,676	160,090	171,249	152,529	140,297	125,363	210,353	274,171	243,933	212,284
Unallocated Depreciation	393,974	393,974	400,190	394,877	394,877	391,815	558,737	405,038	410,106	410,106
Capital Outlay	87,518	11,891	39,323	80,562	56,562	56,562	143,482	15,655	56,562	56,562
Charter Schools	32,871	34,320	46,868	57,404	37,483	66,386	92,960	114,316	97,200	191,920
Total Governmental Activities Expenses	15,137,671	15,395,849	15,982,497	16,005,956	17,335,212	18,185,585	20,082,841	21,005,638	20,737,701	21,290,979
Business-Type Activities:										
Food Service	128,083	129,804	129,107	134,253	128,552	119,095	105,046	126,300	115,679	114,368
Total Business-Type Activities Expense	128,083	129,804	129,107	134,253	128,552	119,095	105,046	126,300	115,679	114,368
Total District Expenses	\$ 15,265,754	\$ 15,525,653	\$ 16,111,604	\$ 16,140,209	\$ 17,463,764	\$ 18,304,680	\$ 20,187,887	\$ 21,131,938	\$ 20,853,380	\$ 21,405,347

MORRIS PLAINS BOROUGH SCHOOL DISTRICT

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED

(Continued)
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 54,992	\$ 52,753	\$ 74,290	\$ 63,807	\$ 73,704	\$ 175,851	\$ 126,687	\$ 140,969	\$ 216,942	\$ 206,343
Operating Grants and Contributions	1,061,940	1,312,184	1,595,296	1,470,035	2,428,623	2,910,463	3,688,320	4,396,740	3,731,898	3,394,228
Capital Grants and Contributions	17,244					141,669				
Total Governmental Activities Program Revenues	1,134,176	1,364,937	1,669,586	1,533,842	2,502,327	3,086,314	3,956,676	4,537,709	3,948,840	3,600,571
Business-Type Activities:										
Charges for Services:										
Food Service	98,577	104,666	98,593	103,735	94,622	86,499	82,291	82,904	81,945	53,565
Operating Grants and Contributions	24,190	24,207	26,136	33,085	28,014	25,837	31,935	37,156	41,330	39,273
Total Business Type Activities Program Revenues	122,767	128,873	124,729	136,820	122,636	112,336	114,226	120,060	123,275	92,838
Total District Program Revenues	\$ 1,256,943	\$ 1,493,810	\$ 1,794,315	\$ 1,670,662	\$ 2,624,963	\$ 3,198,650	\$ 4,070,902	\$ 4,657,769	\$ 4,072,115	\$ 3,693,409
Net (Expense)/Revenue										
Governmental Activities	\$ (14,003,495)	\$ (14,030,912)	\$ (14,312,911)	\$ (14,472,114)	\$ (14,832,885)	\$ (15,099,271)	\$ (16,126,165)	\$ (16,467,929)	\$ (16,788,861)	\$ (17,690,408)
Business-Type Activities	(5,316)	(931)	(4,378)	2,567	(5,916)	(6,759)	9,180	(6,240)	7,596	(21,530)
Total District-Wide Net Expense	\$ (14,008,811)	\$ (14,031,843)	\$ (14,317,289)	\$ (14,469,547)	\$ (14,838,801)	\$ (15,106,030)	\$ (16,116,985)	\$ (16,474,169)	\$ (16,781,265)	\$ (17,711,938)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 13,377,690	\$ 13,645,244	\$ 13,884,036	\$ 14,161,717	\$ 14,444,951	\$ 14,661,625	\$ 14,954,858	\$ 15,253,955	\$ 15,961,667	\$ 16,545,423
Taxes Levied for Debt Service	578,419	576,359	545,458	529,312	543,350	538,550	533,350	871,762	850,313	802,005
Unrestricted Grants and Contributions	225,196	211,806	261,013	487,755	433,325	442,368	472,400	715,228	705,347	689,846
Investment Earnings	6,189	6,309	6,917	7,582	12,616	10,153	20,806	43,319	40,194	35,677
Miscellaneous Income	199,610	75,331	74,045	96,674	122,427	70,655	60,373	53,353	53,678	62,151
Transfers										(4,220)
Total Governmental Activities	14,387,104	14,515,049	14,771,469	15,283,040	15,556,669	15,723,351	16,041,787	16,937,617	17,611,199	18,130,882
Business-Type Activities:										
Investment Earnings	38	45	44	54	61	52	82	159	224	143
Prior Year Adjustment- Capital Assets	8,587									
Transfers										4,220
Total Business-Type Activities	8,625	45	44	54	61	52	82	159	224	4,220
Total District-Wide	\$ 14,395,729	\$ 14,515,094	\$ 14,771,513	\$ 15,283,094	\$ 15,556,730	\$ 15,723,403	\$ 16,041,869	\$ 16,937,776	\$ 17,611,423	\$ 18,135,245
Change in Net Position										
Governmental Activities	383,609	484,137	458,558	810,926	723,784	624,080	(84,378)	469,688	822,338	440,474
Business-Type Activities	3,309	(886)	(4,334)	2,621	(5,855)	(6,707)	9,262	(6,081)	7,820	(17,167)
Total District	\$ 386,918	\$ 483,251	\$ 454,224	\$ 813,547	\$ 717,929	\$ 617,373	\$ (75,116)	\$ 463,607	\$ 830,158	\$ 423,307

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 813,687	\$ 1,072,000	\$ 1,493,188	\$ 1,758,329	\$ 2,471,677	\$ 2,954,975	\$ 2,567,564	\$ 2,644,430	\$ 3,223,740	\$ 2,974,982
Assigned	246,627	298,377	184,901	191,621	427,209	168,030	314,104	342,475	318,382	533,226
Unassigned	479,655	428,254	494,360	535,244	246,366	440,582	488,567	538,780	507,526	533,321
Total General Fund	\$ 1,539,969	\$ 1,798,631	\$ 2,172,449	\$ 2,485,194	\$ 3,145,252	\$ 3,563,587	\$ 3,370,235	\$ 3,525,685	\$ 4,049,648	\$ 4,041,529
All Other Governmental Funds										
Restricted	\$ 9,642	\$ 29,630	\$ 19,988	\$ 336,800	\$ 32,500	\$ 23,722	\$ 5,428,167	\$ 2,120,766	\$ 903,190	\$ 706,470
Committed										
Total All Other Governmental Funds	\$ 9,642	\$ 29,630	\$ 19,988	\$ 336,800	\$ 32,500	\$ 23,722	\$ 5,428,167	\$ 2,120,766	\$ 903,190	\$ 706,470
Total Governmental Funds:										
Restricted	\$ 823,329	\$ 1,101,630	\$ 1,513,176	\$ 1,758,329	\$ 2,471,677	\$ 2,954,975	\$ 7,995,731	\$ 4,765,196	\$ 4,126,930	\$ 3,681,452
Committed				336,800	32,500	23,722				
Assigned	246,627	298,377	184,901	191,621	427,209	168,030	314,104	342,475	318,382	533,226
Unassigned	479,655	428,254	494,360	535,244	246,366	440,582	488,567	538,780	507,526	533,321
Total Governmental Funds	\$ 1,549,611	\$ 1,828,261	\$ 2,192,437	\$ 2,821,994	\$ 3,171,752	\$ 3,587,309	\$ 8,798,402	\$ 5,646,451	\$ 4,952,838	\$ 4,747,999

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax Levy	\$ 13,956,110	\$ 14,221,603	\$ 14,429,494	\$ 14,691,029	\$ 14,988,301	\$ 15,200,175	\$ 15,488,208	\$ 16,125,717	\$ 16,811,980	\$ 17,347,428
Tuition Charges	54,992	52,753	74,290	63,807	73,704	175,851	126,687	23,867	216,942	206,343
Interest Earned on Capital Reserve Funds	53	388						117,102	5,483	10,273
Miscellaneous	205,744	83,252	103,855	142,204	165,823	88,357	94,100	122,927	96,389	87,555
State Sources	1,009,750	1,282,664	1,641,810	1,734,024	1,806,254	1,976,083	2,322,749	2,749,885	3,069,759	3,139,963
Federal Sources	294,630	239,326	191,606	185,818	168,020	181,847	167,295	150,799	163,140	162,248
Total Revenue	15,521,279	15,879,986	16,441,055	16,816,882	17,202,102	17,622,313	18,199,039	19,290,297	20,363,693	20,953,810
Expenditures:										
Instruction:										
Regular Instruction	3,026,689	3,157,138	3,166,386	3,210,893	3,347,273	3,617,749	3,430,011	3,701,597	3,950,175	4,032,284
Special Education Instruction	770,877	885,580	988,009	1,055,349	1,201,399	1,232,179	1,344,195	1,231,958	1,144,352	1,079,407
School Sponsors/Other Instruction	225,724	186,422	234,836	201,554	194,545	259,094	247,550	305,226	282,012	290,857
Support Services:										
Tuition	4,727,528	4,664,999	4,813,104	4,673,662	4,727,473	4,319,777	4,512,658	4,977,045	5,186,563	5,813,433
Student & Instruction Related Services	1,022,735	1,056,089	1,232,260	1,350,286	1,304,982	1,446,812	1,462,409	1,252,319	1,250,656	1,403,142
General And Business Administrative Services	422,551	425,547	419,158	372,092	385,540	439,352	423,168	458,980	445,291	422,654
School Administrative Services	260,466	279,489	274,119	299,931	312,891	310,791	337,507	343,487	343,490	375,182
Central Services	226,259	221,484	249,871	254,551	276,511	259,958	278,036	292,317	293,216	295,326
Administrative Information Technology	77,263	77,861	10,192	32,286	30,863	7,194	11,753	91,617	93,012	61,606
Plant Operations And Maintenance	951,475	932,852	904,630	1,022,033	1,031,131	966,886	1,053,533	938,195	968,473	966,013
Pupil Transportation	593,533	630,096	662,831	747,381	733,667	748,157	852,765	950,618	944,365	1,057,659
Allocated and Unallocated Benefits	2,138,761	2,256,047	2,342,393	2,125,135	2,268,227	2,653,352	2,970,452	3,300,000	3,706,180	3,824,707
Debt Service:										
Principal	360,000	420,000	360,000	365,000	370,000	380,000	390,000	722,000	765,000	780,000
Interest And Other Charges	218,419	136,371	195,100	184,300	173,350	158,550	143,350	326,979	283,006	252,369
Capital Outlay	121,290	237,041	387,590	235,468	451,009	346,519	1,679,599	3,435,594	1,304,315	307,870
Charter Schools	32,871	34,320	46,868	57,404	37,483	66,386	92,960	114,316	97,200	191,920
Total Expenditures	15,176,441	15,601,336	16,287,347	16,187,325	16,846,344	17,212,756	19,229,946	22,442,248	21,057,306	21,154,429
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	344,838	278,650	153,708	629,557	355,758	409,557	(1,030,907)	(3,151,951)	(693,613)	(200,619)
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)			210,468							
Bond Proceeds							6,242,000			
Transfers In	35,549		336,800		25,800	25,800	791,183	53,353	35,983	26,361
Transfers Out	(35,549)		(336,800)		(25,800)	(25,800)	(791,183)	(53,353)	(35,983)	(30,581)
Total Other Financing Sources (Uses)			210,468		(25,800)	(25,800)	6,242,000			(4,220)
Net Change In Fund Balances	\$ 344,838	\$ 278,650	\$ 364,176	\$ 629,557	\$ 355,758	\$ 409,557	\$ 5,211,093	\$ (3,151,951)	\$ (693,613)	\$ (204,839)
Debt Service As A Percentage Of Noncapital Expenditures	3.84%	3.62%	3.49%	3.44%	3.31%	3.18%	3.03%	5.50%	5.29%	4.94%

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
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
2018	26,536	140,969	1,040	15,742	184,288
2019	40,194	216,942	5,139	12,556	274,831
2020	35,677	206,343	17,796	11,809	271,625

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	Residential	Commercial	Industrial	Apartment	Total	Tax-Exempt	Public	Net Valuation	Total Direct	Estimated
	Land					Assessed	Property	Utilities ^a	Taxable	School Tax	Actual
						Value				Rate ^b	(County
											Equalized Value)
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
2017	7,255,000	876,719,800	424,884,500	47,590,000	21,950,000	1,378,399,300	68,493,000	89	1,378,399,300	1.165	1,479,276,731
2018	7,355,200	877,371,900	426,432,800	47,590,000	21,950,000	1,380,699,900	68,839,400	-	1,380,699,900	1.165	1,498,726,966
2019	69,176,700	879,158,500	331,448,800	32,676,000	69,450,000	1,381,910,000	69,222,600	-	1,381,910,000	1.231	1,596,184,686

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		
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	
2017	1.102	0.063	1.165	0.776	0.279	2.220	
2018	1.106	0.059	1.165	0.791	0.245	2.201	
2019	1.174	0.057	1.231	0.809	0.301	2.341	

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 TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

BOROUGH OF MORRIS PLAINS

	2019			2010		
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Honeywell International Inc		\$ 81,992,400	5.93%	Mc Neil - PPC Inc.	\$ 182,500,000	12.37%
Mc Neil - PPC Inc Tax Dept		67,464,000	4.88%	Pfizer Inc.	79,000,000	5.36%
Mack-Cali Realty Corp		45,200,000	3.27%	PMW Partnership	49,700,000	3.37%
Morris Plains Holding UE L.L.C.		28,950,000	2.09%	Vornado Realty Trust	34,500,000	2.34%
Individual Taxpayer #1		25,400,000	1.84%	Individual Taxpayer #1	32,700,000	2.22%
Forty East Hanover LLC		21,950,000	1.59%	Mack-Cali Properties Number 3	23,950,000	1.62%
WU LH 500 American LLC		18,050,000	1.31%	WM Highland LLC	21,950,000	1.49%
CSH Morris Plains LLC		17,670,000	1.28%	WU LH 100 American LLC	19,900,000	1.35%
WU LH 500 American LLC		17,600,000	1.27%	Stop & Shop Supermarket Co.	16,500,000	1.12%
M&M At Morris Plains LLC		16,350,000	1.18%	HPT CW Properties Trust	14,100,000	0.96%
Total		\$ 340,626,400	24.65%		\$ 474,800,000	32.19%

Source: Municipal Tax Assessor

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy ^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
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-
2018	16,125,717	16,125,717	100.00%	-0-
2019	16,811,980	16,811,980	100.00%	-0-
2020	17,347,428	17,347,428	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,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
2011	\$ 4,840,000		\$ 4,840,000	1.14%	\$ 874
2012	4,420,000		4,420,000	0.99%	791
2013	4,060,000	\$ 210,468	4,270,468	0.95%	764
2014	3,695,000	141,268	3,836,268	0.82%	688
2015	3,325,000	71,116	3,396,116	0.69%	610
2016	2,945,000		2,945,000	0.58%	531
2017	8,797,000		8,797,000	1.70%	1,594
2018	8,075,000		8,075,000	1.38%	1,369
2019	7,310,000		7,310,000	1.18%	1,169
2020	6,530,000		6,530,000	1.06%	1,044

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		
2011	\$ 4,840,000	-0-	\$ 4,840,000	0.33%	\$ 874
2012	4,420,000	-0-	4,420,000	0.30%	791
2013	4,060,000	-0-	4,060,000	0.28%	726
2014	3,695,000	-0-	3,695,000	0.26%	663
2015	3,325,000	-0-	3,325,000	0.24%	597
2016	2,945,000	-0-	2,945,000	0.22%	531
2017	8,797,000	-0-	8,797,000	0.66%	1,594
2018	8,075,000	-0-	8,075,000	0.59%	1,369
2019	7,310,000	-0-	7,310,000	0.53%	1,169
2020	6,530,000	-0-	6,530,000	0.47%	1,044

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, 2019
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	\$ 15,799,289	100.00%	\$ 15,799,289
Morris County General Obligation Debt	216,220,009	1.66% ^a	<u>3,591,678</u>
Subtotal, Overlapping Debt			19,390,967
Morris Plains School District Direct Debt			<u>6,955,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 26,345,967</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 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 2020		Morris Plains
	Equalized valuation basis	Borough
	2019	\$ 1,517,748,490
	2018	1,583,189,886
	2017	1,484,544,211
		<u>\$ 4,585,482,587</u>
		<u>\$ 1,528,494,196</u>
		<u>\$ 45,854,826</u>
		<u>6,530,000</u>
		<u>\$ 39,324,826</u>

Average Equalized Valuation of Taxable Property
 Debt Limit (3% of average equalization value)^a
 Net Bonded School Debt as of June 30, 2020
 Legal Debt Margin

	Fiscal Year June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 47,423,602	\$ 47,291,046	\$ 46,330,438	\$ 43,973,935	\$ 43,973,935	\$ 43,328,464	\$ 43,607,319	\$ 43,607,319	\$ 45,347,453	\$ 45,854,826
Total Net Debt Applicable to Limit	4,840,000	4,420,000	4,060,000	3,695,000	3,325,000	2,945,000	8,797,000	8,075,000	7,310,000	6,530,000
Legal Debt Margin	<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>\$ 34,810,319</u>	<u>\$ 35,532,319</u>	<u>\$ 38,037,453</u>	<u>\$ 39,324,826</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	10.21%	9.35%	8.76%	8.40%	7.56%	6.80%	20.17%	18.52%	16.12%	14.24%

^a A Limit set by NISA 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
2011	5,540	\$ 425,067,580	\$ 76,727	7.80%
2012	5,585	445,487,525	79,765	7.90%
2013	5,589	451,619,145	80,805	6.30%
2014	5,572	469,496,720	84,260	4.70%
2015	5,565	490,938,735	88,219	4.20%
2016	5,543	503,598,179	90,853	4.00%
2017	5,520	516,423,600	93,555	4.00%
2018	5,899	583,068,958	98,842	3.30%
2019	6,255	618,256,710 *	98,842 **	2.90%
2020	6,255 *	618,256,710 *	98,842 **	N/A

* - Latest population data available (2019) was used for calculation purposes.

** - Latest Morris County per capita personal income available (2018) was used for calculation purposes.

^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

	2019		2010		Percentage of Total Employment
	Employer	Employees	Employer	Employees	
Atlantic Health System		6,140	Novartis	4,990	1.99%
Picatinny Arsenal		6,000	Atlantic Health System	4,933	1.97%
Novartis		4,900	U.S. Army Armament R&D	4,442	1.77%
ADP		2,690	UPS	2,332	0.93%
Bayer		2,400	County of Morris	1,959	0.78%
Accenture		1,865	ADP	1,924	0.77%
Barclays		1,800	AT&T	1,550	0.62%
Honeywell		1,704	Saint Claires Health System	1,531	0.61%
Allergan		1,627	BASF Corporation	1,400	0.56%
St. Clare's Health System		1,565	Avis Budget Group, Inc.	1,378	0.55%
Total		30,691		26,439	10.55%
Total County Labor Force		252,984		250,640	

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

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction:										
Regular	40.0	40.0	41.0	41.0	41.0	48.0	49.0	49.0	52.5	54.1
Special Education	23.0	23.0	22.0	22.0	29.0	28.0	29.0	29.0	32.0	31.0
Other Instruction	1.8	1.8			2.0	2.0	2.0	2.0	2.0	
Support Services:										
Student & Instruction Related Services	7.0	7.0	7.0	7.0		7.0	7.5	7.5	7.5	8.7
School Administration Services	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	4.5
General Administration Services	4.0	4.0	4.0	4.0	7.0	7.0	7.0	7.0	6.5	2.0
Other Administrative Services	1.0	1.0								
Central Services	2.0	2.0	1.5	2.0	3.0	3.0	3.0	3.0	3.0	3.9
Other Support Services					0.5	0.5	0.5	0.5	0.5	2.5
Plant Operations and Maintenance	7.0	7.0	9.0	9.0	8.0	3.0	8.5	8.5	8.5	8.5
Pupil Transportation	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
Total	90.3	90.3	89.0	89.5	96.0	104.0	112.0	112.0	118.0	115.2

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		
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%
2018	573.0	17,957,675	31,340	7.37%	80.0	1:10.9	571.0	548.0	-0.63%	95.97%
2019	570.0	18,704,985	32,816	4.71%	84.5	1:10.9	572.0	549.0	0.18%	95.98%
2020	600.0	19,814,190	33,024	0.63%	85.1	1:10.9	701.5	682.0	22.64%	97.22%

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>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Mountain Way School (1969, 1985)										
Square Feet	29,658	29,658	29,658	29,658	29,658	29,658	29,658	29,653	29,653	29,653
Capacity (students)	265	265	265	265	265	265	265	265	265	265
Enrollment	221	213	209	223	207	208	211	204	201	216
Borough School (1972, 1992)										
Square Feet	90,200	90,200	90,200	90,200	90,200	90,200	90,200	90,200	20,200	20,200
Capacity (students)	697	697	697	697	697	697	697	697	697	697
Enrollment	413	405	406	415	404	367	372	369	369	384

Number of Schools at June 30, 2020
 Elementary = 1
 Middle School = 1

Note: Year of original construction is shown first in parentheses.
 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

<u>School Facilities</u>	<u>Projects #</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Borough	N/A	\$ 210,884	\$ 198,042	\$ 152,978	\$ 184,410	\$ 227,129
Mountain Way	N/A	46,292	43,473	64,729	40,480	49,858
		<u>\$ 257,176</u>	<u>\$ 241,515</u>	<u>\$ 217,707</u>	<u>\$ 224,890</u>	<u>\$ 276,987</u>

<u>School Facilities</u>	<u>Projects #</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Borough	N/A	\$ 159,230	\$ 194,747	\$ 174,245	\$ 151,187	\$ 174,900
Mountain Way	N/A	77,234	94,461	84,517	75,593	99,306
		<u>\$ 236,464</u>	<u>\$ 289,208</u>	<u>\$ 258,762</u>	<u>\$ 226,780</u>	<u>\$ 274,206</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, 2020
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSIG		
Property - Blanket Building and Contents	\$ 500,000,000	\$ 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	5,000	
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- Each Accident	3,000,000	
Bodily Injury by Disease- Each Employee	3,000,000	
Bodily Injury by Disease- Aggregate	3,000,000	
Student Accident - Zurich		
Accident Medical	1,000,000	

Source: Morris Plains Borough School District records

SINGLE AUDIT SECTION



200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973.298.8500

11 Lawrence Road
Newton, NJ 07860
973.383.6699

nisivoccia.com

Independent Member
BKR International

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2020.

Internal Control Over Financial Reporting

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

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

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

December 18, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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



200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973.298.8500

11 Lawrence Road
Newton, NJ 07860
973.383.6699

nisivoccia.com

Independent Member
BKR International

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

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 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, 2020. 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, 2020.

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.

December 18, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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, 2020

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019			Cash Received	Budgetary Expenditures	Repay Prior Years' Balance	Balance at June 30, 2020		Amount Provided to Subrecipients
					Budgetary Accounts Receivable	Unearned Revenue	Due to Grantor				Budgetary Accounts Receivable	Unearned Revenue	
U.S. Department of Education Passed-through State Department of Education:													
Special Education Cluster:													
I.D.E.A. Part B, Basic	84.027	IDEA338020	7/1/19-9/30/20	\$ 136,575				\$ (136,575)			\$ 136,575		
I.D.E.A. Part B, Basic	84.027	IDEA338019	7/1/18-9/30/19	134,454	\$ 53,586		\$ 53,586	(5,807)			5,807		
I.D.E.A. Part B, Preschool	84.173	IDEA338020	7/1/19-9/30/20	5,807									
I.D.E.A. Part B, Preschool	84.173	IDEA338019	7/1/18-9/30/19	5,425	145		145						
Total Special Education Cluster					53,731		53,731	(142,382)			142,382		
Elementary and Secondary Education Act													
Title I	84.010A	ESEA338020	7/1/19-9/30/20	12,019				(12,019)			12,019		
Title I	84.010A	ESEA338019	7/1/18-9/30/19	18,457	17,166		17,166	(12,019)			12,019		
Total Title I					17,166		17,166	(12,019)			12,019		
Title II, Part A	84.367A	ESEA338020	7/1/19-9/30/20	7,000				(7,000)			7,000		
Total Title II, Part A								(7,000)			7,000		
COVID-19 CARES Emergency Relief	84.425	CARES338020	3/18/20-9/30/21	10,042				(847)			847		
Total CARES Emergency Relief								(847)			847		
Total U.S. Department of Education					70,897		70,897	(162,248)			162,248		
U.S. Department of Agriculture:													
Passed-through State Department of Agriculture:													
Child Nutrition Cluster:													
Food Distribution Program	10.555	N/A	7/1/19-6/30/20	9,778			9,778	(7,832)			1,946		
Food Distribution Program	10.555	N/A	7/1/18-6/30/19	9,461	\$ 2,387			(2,387)					
National School Lunch Program	10.555	N/A	7/1/19-6/30/20	20,356			20,356	(20,356)					
Covid-19 Seamless Summer Option	10.555	N/A	3/18/19-6/30/20	7,746			5,982	(7,746)			(1,764)		
National School Lunch Program	10.555	N/A	7/1/18-6/30/19	29,827	2,586		2,586						
Total Child Nutrition Cluster - Total U.S. Department of Agriculture					2,586		38,702	(38,321)			(1,764)		1,946
Total Federal Awards					\$ 73,483		\$ 109,599	\$ (200,569)		\$ -0-	\$ 160,484		\$ -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, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expenditures	Balance at June 30, 2020		MEMO		
				Budgetary Accounts Receivable	Budgetary Unearned Revenue			GAAP Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable	Cumulative Total Expenditures	
New Jersey Department of Education												
General Fund:												
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	\$ 95,804	\$ 7,948	\$	7,948					\$ 95,804	
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	514,227	42,659		42,659					514,227	
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	15,093	1,252		1,252					15,093	
School Choice Aid	19-495-034-5120-068	7/1/18-6/30/19	213,510	17,712		17,712					213,510	
Extraordinary Aid	19-495-034-5120-473	7/1/18-6/30/19	223,353	223,353		223,353					223,353	
Non Public Transportation	19-495-034-5120-014	7/1/18-6/30/19	16,810	16,810		16,810					16,810	
Homeless Tuition	N/A	7/1/18-6/30/19	58,247	58,247		58,247					58,247	
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	387,365	17,542		17,542					387,365	
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	95,804			87,768	\$ (95,804)	\$ 8,036			95,804	
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	566,520			519,001	(566,520)	47,519			566,520	
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	15,093			13,827	(15,093)	1,266			15,093	
School Choice Aid	20-495-034-5120-068	7/1/19-6/30/20	204,012			186,900	(204,012)	17,112			204,012	
Extraordinary Aid	20-495-034-5120-473	7/1/19-6/30/20	245,289				(245,289)	245,289			245,289	
Non Public Transportation	20-495-034-5120-014	7/1/19-6/30/20	2,142				(2,142)	2,142			2,142	
Homeless Tuition	N/A	7/1/19-6/30/20	45,713				(45,713)	45,713			45,713	
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	374,601			356,077	(374,601)	18,524			374,601	
On Behalf Contributions:												
TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19-6/30/20	383,483			383,483	(383,483)				383,483	
TPAF Pension Contributions	20-495-034-5094-002	7/1/19-6/30/20	1,015,497			1,015,497	(1,015,497)				1,015,497	
TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	18,202			18,202	(18,202)				18,202	
TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	958			958	(958)				958	
Total General Fund State Aid				385,523		2,967,236	(2,967,314)	311,668			4,491,723	
Debt Service Aid												
Debt Service Aid Type II	20-100-034-5120-123	7/1/19-6/30/20	177,011			177,011	(177,011)				177,011	
Total Debt Service Fund						177,011	(177,011)				177,011	

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019			Balance at June 30, 2020			MEMO	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Expenditures	GAAP Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable	Cumulative Total Expenditures
Enterprise Fund:											
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	\$ 829			\$ 829	\$ (829)				\$ 829
Seamless Summer Option	20-100-010-3350-024	3/18/20-6/30/20	123			95	(123)				123
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	1,352	121		121		28			1,352
Total Enterprise Fund				121		1,045	(952)	28		28	2,304
Total State Awards Subject to Single Audit Determination				\$ 385,644	\$ -0-	\$ 3,145,292	\$ (3,145,277)	\$ 311,696	\$ -0-	\$ 385,629	\$ 4,671,038
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Pension System Contributions:											
TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19-6/30/20	383,483				383,483				
TPAF Pension Contributions	20-495-034-5094-002	7/1/19-6/30/20	1,015,497				1,015,497				
TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	18,202				18,202				
TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	958				958				
Subtotal - On-Behalf TPAF Pension System Contributions							1,418,140				
Total State Awards Subject to Single Audit Major Program Determination							\$ (1,727,137)				

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, 2020

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, 2020. 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 (\$4,362) for the general fund. 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, 2020
 (Continued)

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

	Federal	State	Total
General Fund		\$ 2,962,952	\$ 2,962,952
Special Revenue Fund	\$ 162,248		162,248
Debt Service Fund		177,011	177,011
Food Service Fund	38,321	952	39,273
	\$ 200,569	\$ 3,140,915	\$ 3,341,484

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, 2020.

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, 2020. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020 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:

<u>State:</u>	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Special Education Aid	20-495-034-5120-089	7/1/19-9/30/20	\$ 566,520	\$ 566,520
Security Aid	20-495-034-5120-084	7/1/19-9/30/20	15,093	15,093
School Choice Aid	20-495-034-5120-068	7/1/19-9/30/20	204,012	204,012

- 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, 2020

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, 2020

Status of Prior Year Findings:

There were no prior year audit findings.