

**SCHOOL DISTRICT
OF
MORRIS HILLS REGIONAL**



**Morris Hills Regional School District
Board of Education
Rockaway, New Jersey**

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

**Annual Comprehensive
Financial Report**

of the

**Morris Hills Regional School District
Board of Education**

Rockaway, New Jersey

For the Fiscal Year Ended June 30, 2022

Prepared by

**Morris Hills Regional School District
Board of Education**

Business Office

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**INTRODUCTORY SECTION
(UNAUDITED)**



MORRIS HILLS REGIONAL DISTRICT

SUPERINTENDENT of SCHOOLS
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ASSISTANT SUPERINTENDENT
CURRICULUM & INSTRUCTION
Nisha Zoeller, D. Litt. 973.664.2293

BUSINESS ADMINISTRATOR
& BOARD SECRETARY
Joann Gilman Auricchio 973.664.2281

SUPERVISOR OF
HUMAN RESOURCES
Daniel Haug 973.664.2297

Letter of Transmittal *For the Fiscal Year Ended June 30, 2022*

January 27, 2023

To the Citizens, President, and Board Members of the Morris Hills Regional District

As the Superintendent and the Business Administrator of the Morris Hills Regional District (the “District”), we are pleased to submit to you this Annual Comprehensive Financial Report (ACFR) issued by the District. This ACFR for the fiscal year ended June 30, 2022, was prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applicable to governmental entities.

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm, Nisivoccia LLP, CPAs, was selected by the Board of Education. 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 OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors’ report on the basic financial statements and specific required supplementary information is included in the financial section of the ACFR. The auditors’ reports related specifically to the single audit are included in the single audit section of this report.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. 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.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This transmittal letter is designed to be read in conjunction with the MD&A. The MD&A section provides an overview of factors that impact the District’s financial position.

The ACFR is presented in four sections: introductory, financial, statistical and single audit.

- The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials.
- The financial section includes the Independent Auditors’ Report, the Management’s Discussion and Analysis, the basic financial statements and notes providing an overview of the District’s financial position and operating results, and supplementary schedules providing detailed budgetary information.
- The statistical section includes selected financial and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi- year basis.

MORRIS HILLS REGIONAL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2022

- The District is required to undergo an annual single audit in conformity with the provisions of the Uniform Guidance, and New Jersey OMB's 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, is included in the single audit section of this report.

Profile of the Morris Hills Regional District

The Morris Hills Regional District is a comprehensive regional public school district that provides academic, technological, and vocational programs for grades 9, 10, 11 and 12 as well as adult education programs. The District serves the communities of Denville Township, Rockaway Borough, Rockaway Township, and Wharton Borough over approximately 58 square miles. The District hosts two academy programs for the Morris County School of Technology (MCST) which serves all Morris County students. In addition, the District is a Choice District which accepts students from all New Jersey communities through a lottery system.

Population estimates for 2019 from the United States Census Bureau reflect a relatively small increase of 2.26% in total population for the four communities served as compared to the census in 2010. Rockaway Township, which represents 47% of the District's total population, saw the largest projected increase of 1,720 residents. Denville, representing 29% of the serviced population saw a small projected decrease of 189. Rockaway Borough and Wharton Borough that are very similar in population and size, each representing approximately 11.5% of the population reflected a decline in projected population, 162 and 153 respectively.

Enrollment

The District's enrollment reported on the Application for State School Aid (ASSA) in October 2022 was 2,783 resident students compared to 2,688 resident students the prior year. The ASSA does not reflect students enrolled in the academy programs which are programs located at Morris Hills Regional District under a collaboration agreement with the Morris County School of Technology. On October 15, 2022 Morris Knolls enrolled 151 students in the Academy for the Performing Arts (APA) and Morris Hills enrolled 180 students in the Academy for Math, Science and Engineering (MSE).

School Buildings and Capital Improvements

The District's buildings, Morris Hills High School and Morris Knolls High School were built in 1953 and 1964, respectively. Both buildings are exceptionally well maintained. However, after an energy audit, the District found that additional improvements could reduce operating costs. The District applied to the state for the approval of an energy savings improvement plan and received approval in January 2019. In April 2019, bonds were sold to support the improvements. The ESIP program is discussed in the Management's Discussion and Analysis section of this report. Annual deposits into the District's Capital Reserve have funded additional improvements to classroom space, athletic fields and gymnasium renovations.

Curriculum Offerings

The District has enhanced program offerings that make it unique among other high schools in the state; in fact, school choice applications have grown drastically because of the enhanced opportunities available to students. In 2021–2022, applications for the school choice program continue to exceed available seats. Some of the unique offerings include:

MORRIS HILLS REGIONAL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2022

Curriculum Offerings

- AP Program: The District offers 27 Advanced Placement options for students. AP offers students the opportunity to earn college credits while in high school, a major NJDOE initiative, The District has no minimum grade requirement to enter an AP course. In 2022, 80% of the students taking 1621 AP exams scored 3 or higher, scores high enough to earn college credit. 32% of exams taken earned a perfect score of 5.
- International Baccalaureate: The District is one of only 14 schools in New Jersey to offer the International Baccalaureate Diploma Program, an extremely competitive, internationally-recognized program for juniors and seniors. IB courses are as rigorous, if not more than AP courses and provide students the opportunity to earn college credit while in high school, a major NJDOE initiative. Our graduating classes in the IB Diploma Program continue to outperform graduates of established IB Programs around the world, including areas in which the United States is considered weak, such as world language.
- Magnet Program for Math and Science: We are in our thirteenth year of offering a specialized program that emphasizes statistical analysis and scientific research, which includes coursework that is offered by no other high school in the state and typically seen only at the collegiate level. The Magnet Program utilizes the College Board's AP Capstone Program, combined with our specialized Magnet coursework, we offer a 3-year sequence in Research Methods and provides students with training and skills to conduct collegiate level research and advanced STEM coursework. The NJDOE has been emphasizing the incorporation of STEM into high school curriculum; the Magnet Program exemplifies the type of STEM curricula that is going on in the best schools in the country. The Magnet Program is part of the National Consortium for Secondary Stem Schools (NCSSSS), which requires that programs be aligned to the consortium's STEM standards. This program has recently been expanded to Morris Knolls High School to keep up with demand.
- AVID Program: The District is in our eleventh year of implementing the AVID Program (Advancement Via Individual Determination), a national and international program that helps students in the academic middle take more rigorous coursework and provides access to college for historically underrepresented groups. Teachers are trained in research-based instructional strategies to work with this population, and students are provided access to upper level coursework traditionally reserved for the academic elite.
- Gifted and Talented Program: Unlike many high schools in the state, that only offer "gifted" programs through honors and AP coursework, the District also address the other areas of giftedness that are recognized by the National Association for Gifted Children through seminars, pull out programs and a vast independent study program.
- Aviation and Aerospace Program: In the 2017-18 school year, the District partnered with the Aircraft Owners and Pilots Association (AOPA) and offered in 2021-2022 two career pathways (Pilot and Unmanned Aircraft Systems) in the aviation/aerospace industry. The program will afford students the opportunity to earn industry credentials while still in high school.

MORRIS HILLS REGIONAL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2022

Curriculum Offerings

- **School Choice Program**: The District continued two school choice programs that began in 2011-2012. The first, an intradistrict school choice program allowed resident students to apply to either high school regardless of their address. Approximately 43 new students participated in 2020-21. Also in 2011-2012, Morris Hills Regional District was approved by the New Jersey Department of Education as a Choice School District. There were 128 students enrolled in the District in the 2021-22 school year. Funding is received directly from the State of New Jersey for these students.
- **General Education Program**: Our general education program provides all students with access to a truly comprehensive curriculum, including technology education, computer science, world languages, the academic core, and visual and performing arts. Both high schools are consistently ranked in the top 100 high schools in the state.

Economic Condition and Financial Outlook

The District relies on local property taxes and state aid to support its budget. In the 2021-2022 school year, the District saw a slight increase in state aid but the predominant source to support its budget is local property taxes.

New Jersey law limits the increase in New Jersey school districts' tax levies to 2% annually although adjustments are allowed for increased enrollments and increased pension and health benefit costs. If a district wishes to exceed the 2% limit for other reasons, a public vote is required. The Morris Hills Regional District Board of Education is committed to limiting tax increases and has sought alternate funding sources. In 2011 Morris Hills became a School Choice District, which created a new source of aid for the District. In 2018 the District modified its tuition agreement with the Morris County School of Technology and increased enrollment for the hosted programs. The District is also committed to sharing resources with our elementary school districts through shared services. There is a commitment from the elementary districts as well as the high school districts to continue these cost saving measures.

Internal Controls

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that 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). This 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 is also responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

As part of the District's single audit described above, testing is performed to determine the adequacy of the internal control, including that portion related to major federal and state award programs, as well as to determine that the District is in compliance with applicable laws, regulations, contracts and grants.

MORRIS HILLS REGIONAL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2022

Accounting System and Budgetary Controls

The 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 Hills Regional District and all its schools constitute the District's reporting entity.

The District’s accounting records include an expanded minimum chart of accounts using dimensions to define area and location. Board approval for budgetary transfers is required at the state minimum level, which is the dimension object within program. Additional approval from the New Jersey State Department of Education is required in the case of General Fund transfers from instructional to non-instructional accounts, any transfer to capital outlay from current expense except for equipment, transfers from undesignated fund balance, and all transfers that on a cumulative basis exceeds 10% of the advertised appropriation as established by the New Jersey Department of Education, Division of Finance.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either liquidated or are included as appropriations of fund balance in the subsequent fiscal year. Those amounts to be appropriated are reported as fund balance restrictions, commitments and assignments on June 30, 2022.

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.

The District’s budget is developed annually by the administration with input from all stakeholders in the District. Once compiled, it is presented to the District’s Board of Education and the New Jersey Department of Education’s Executive County Superintendent of Schools in March of each year. It is then advertised for public input and a budget hearing is scheduled. Public comment at the hearing may result in modifications. The final budget must be posted to the District’s website forty-eight hours after the public hearing.

In addition to internal accounting controls, the District maintains budgetary controls. The objective of the 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, special revenue fund and 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 of the report.

Major Initiatives For The Future

The District continues to invest in its facilities through the use of Capital Reserve funds. Ongoing upgrades for classroom HVAC units are planned for the next four years until all instructional spaces are air conditioned. Site improvements will continue with sidewalk and parking lot improvements.

MORRIS HILLS REGIONAL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2022

Awards

The Association of School Business Officials International (“ASBO”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Morris Hills Regional District for its Annual Comprehensive Financial Report (“ACFR”) for the fiscal year ended June 30, 2012, through June 2021. This program contributes to the enhancement of credibility of financial management, the adoption of accounting principles generally accepted in the United States of America, and sound budgetary and reporting purposes. In order to be awarded the Certificate of Excellence, the District must prepare the ACFR in a fashion that strictly conforms to generally accepted accounting principles and program requirements. The Certificate of Excellence is valid for a period of one year, and the District feels confident that it will continue to meet the program requirements and will apply for the award for the fiscal year ended June 30, 2022.

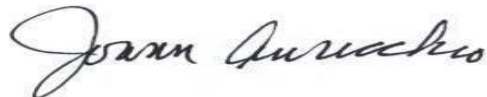
Acknowledgements

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

Respectfully submitted,

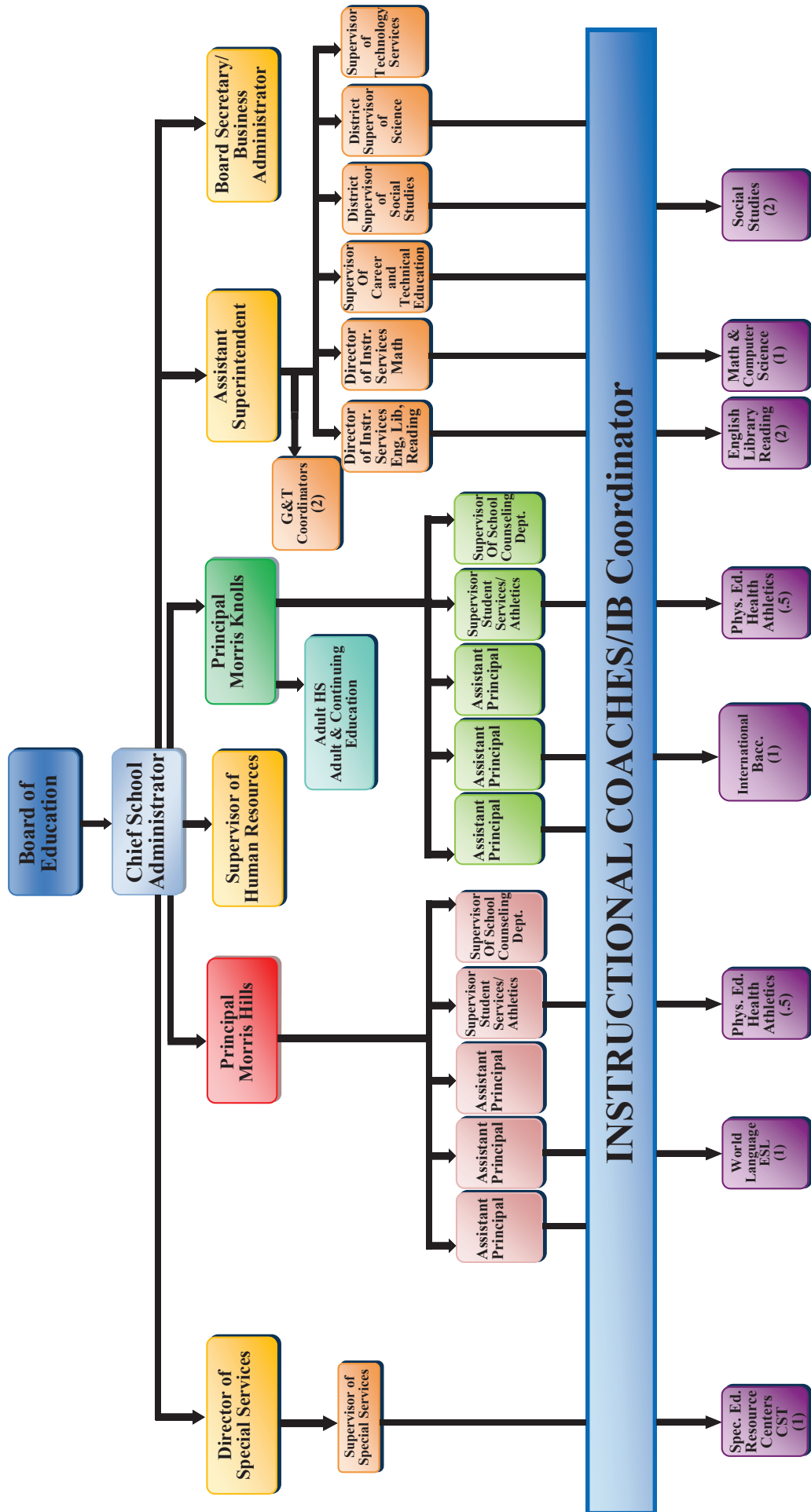


James J. Jencarelli
Superintendent

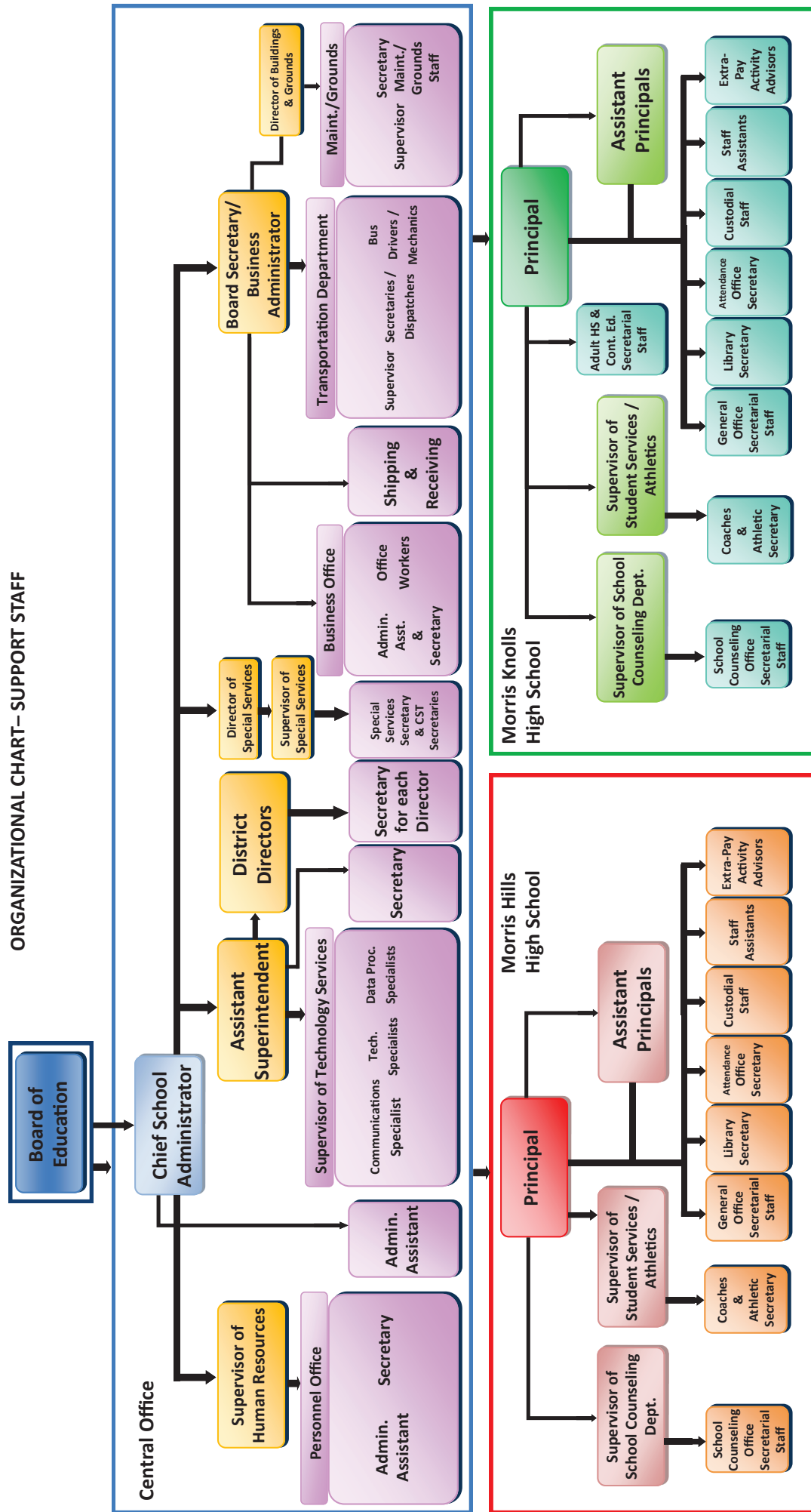


Joann Auricchio
Board Secretary/Business Administrator

MORRIS HILLS REGIONAL DISTRICT
ORGANIZATIONAL CHART – CERTIFIED STAFF



MORRIS HILLS REGIONAL DISTRICT
 ORGANIZATIONAL CHART – SUPPORT STAFF



MORRIS HILLS REGIONAL DISTRICT
ROSTER OF OFFICIALS
June 30, 2022

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michael Bertram, President	2025
William Serafin, Vice President	2025
Robert Crocetti	2024
Barbara Levy	2023
Theresa Yeager	2025
Rob Izsa	2023
Steven Kovacs	2024
Patrick Napolitano	2024
Michael Wieczerek	2023

<u>Other Officials</u>	<u>Title</u>
James J. Jencarelli	Superintendent
Dr. Nisha Zoeller	Assistant Superintendent of Schools
Joann Gilman Auricchio	Board Secretary/School Business Administrator
Daniel Haug	Supervisor of Human Resources

MORRIS HILLS REGIONAL DISTRICT BOARD OF EDUCATION
Consultants and Advisors

Attorney

Comegno Law Group, P.C.
521 Pleasant Valley Avenue
Moorestown, New Jersey 08057

Audit Firm

Nisivoccia LLP, CPAs
Mt. Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, New Jersey 07856-1320

Official Depositories

PNC Bank
55 West Main Street
Rockaway, New Jersey 07866



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Morris Hills Regional District

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

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



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

William A. Sutter
President

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

David J. Lewis
Executive Director

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Morris Hills Regional School District (the “District”) in the County of Morris as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement 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 is the responsibility of management and, although not a part of the basic financial statements, are 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
January 27, 2023

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell

Licensed Public School Accountant #884

Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MORRIS HILLS REGIONAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

This section of Morris Hills Regional School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2022. Please read it in conjunction with the transmittal letter at the front of this report and the District’s basic financial statements, which immediately follow this section.

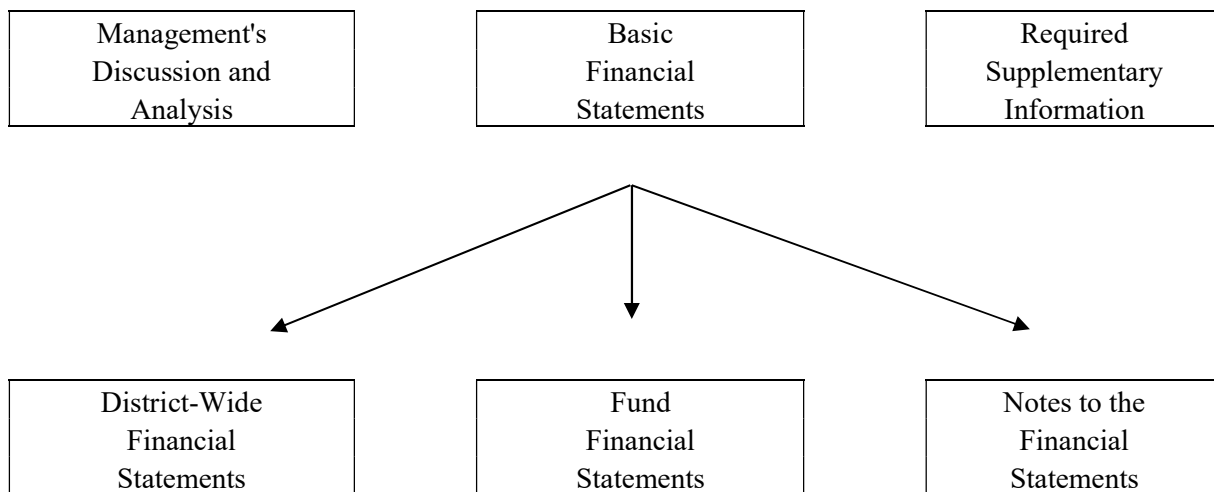
Overview of the Financial Statements

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, the academy for technology and shared services (special education and custodial).

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 fiscal 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 Hills Regional School District’s Financial Report**



**MORRIS HILLS REGIONAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, academy for technology and shared services (special education and custodial)
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
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
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used and liabilities that come due during the fiscal year or soon thereafter; capital assets, lease assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenue and expenses during the fiscal year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after year-end; expenditures when goods or services have been received and the related liability is due & payable	All revenue and expenses during the fiscal year, regardless of when cash is received or paid

MORRIS HILLS REGIONAL SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 is 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, academy for technology, and shared services (special education, and custodial) are 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 two 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 fiscal 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.

**MORRIS HILLS REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Fund Financial Statements

Notes to the basic financial statements: The notes provide information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The Statement of Net Position provides one perspective of the District as a whole. Figure A-3 provides a summary of the District's net position as of June 30, 2022 and 2021. The District's *combined* net position was \$19,046,089 on June 30, 2022, \$6,160,794 or 47.81% more than it was the fiscal year before. The net position of the governmental activities increased by \$5,961,368 and the net position of the business-type activities increased by \$199,426.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2021/22
	2021/22	(Restated) 2020/21	2021/22	2020/21	2021/22	(Restated) 2020/21	
Current and Other Assets	\$ 13,274,037	\$ 12,481,385	\$ 511,188	\$ 284,905	\$ 13,785,225	\$ 12,766,290	
Capital Assets, Net	55,311,440	55,325,569	764,487	769,960	56,075,927	56,095,529	
Total Assets	68,585,477	67,806,954	1,275,675	1,054,865	69,861,152	68,861,819	1.45%
Deferred Outflows of Resources	5,177,803	7,084,226			5,177,803	7,084,226	-26.91%
Other Liabilities	3,043,328	2,967,449	107,505	86,121	3,150,833	3,053,570	
Long-Term Liabilities	44,916,003	52,308,405			44,916,003	52,308,405	
Total Liabilities	47,959,331	55,275,854	107,505	86,121	48,066,836	55,361,975	-13.18%
Deferred Inflows of Resources	7,926,030	7,698,775			7,926,030	7,698,775	2.95%
Net Position:							
Net Investment in Capital Assets	29,611,536	27,105,052	764,487	769,960	30,376,023	27,875,012	
Restricted	7,319,978	6,511,705			7,319,978	6,511,705	
Unrestricted (Deficit)	(19,053,595)	(21,700,206)	403,683	198,784	(18,649,912)	(21,501,422)	
Total Net Position	\$ 17,877,919	\$ 11,916,551	\$ 1,168,170	\$ 968,744	\$ 19,046,089	\$ 12,885,295	47.81%

**MORRIS HILLS REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Financial Analysis of the District as a Whole

Figure A-4 represents the *Changes in Net Position*. Net investment in capital assets increased \$2,501,011 due to \$3,494,551 in capital assets additions, \$285,733 of bond issuance premiums amortized and the retirement of \$2,145,000 of bonds payable and \$425,000 of ESIP bonds payable, offset by \$3,514,153 of depreciation expense and amortized deferred amount on refunding of \$335,120. Restricted net position increased \$808,273 primarily due to net increases in the capital reserve of \$791,286, unemployment compensation of \$46,336 and student activities of \$32,275, offset by net decreases in the maintenance reserve of \$49,990 and debt service fund balance of \$12,213. Unrestricted net position (deficit) increased \$2,851,510 primarily due to the decreases in the net pension liability and accrued interest, offset by changes in deferred inflows and outflows related to pensions and a net increase in compensated absences.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	Change 2021/22
Revenue:							
Program Revenue:							
Charges for Services	\$ 304,759	\$ 126,809	\$ 4,076,883	\$ 3,975,204	\$ 4,381,642	\$ 4,102,013	
Grants and Contributions:							
Operating	20,412,519	21,487,429	1,951,925	224,865	22,364,444	21,712,294	
General Revenue:							
Property Taxes	65,150,930	64,074,381			65,150,930	64,074,381	
Unrestricted Federal and State Aid	5,648,430	5,630,164			5,648,430	5,630,164	
Other	528,907	540,278			528,907	540,278	
Total Revenue	92,045,545	91,859,061	6,028,808	4,200,069	98,074,353	96,059,130	2.10%
Expenses:							
Instruction	43,036,393	44,491,280			43,036,393	44,491,280	
Pupil and Instruction Services	19,534,922	19,039,332			19,534,922	19,039,332	
Administration and Business	7,487,970	7,428,740			7,487,970	7,428,740	
Maintenance and Operations	6,777,563	6,592,113			6,777,563	6,592,113	
Transportation	5,919,918	5,620,683			5,919,918	5,620,683	
Other	3,327,411	3,526,889	5,829,382	4,275,009	9,156,793	7,801,898	
Total Expenses	86,084,177	86,699,037	5,829,382	4,275,009	91,913,559	90,974,046	1.03%
Increase in Net Position	\$ 5,961,368	\$ 5,160,024	\$ 199,426	\$ (74,940)	\$ 6,160,794	\$ 5,085,084	

**MORRIS HILLS REGIONAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Governmental Activities

The financial position of the District improved significantly from the prior year. However, maintaining existing programs with increased enrollment, the provision of a multitude of special programs/services for disabled pupils and the cost of employee benefits has placed great demands on the District’s resources. As a result, careful management of expenses remains essential for the District to sustain its financial health. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

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 burden placed on the District’s taxpayers by each of these functions.

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

	Total Cost of Services		Net Cost of Services	
	2021/2022	2020/2021	2021/2022	2020/2021
Instruction	\$ 43,036,393	\$ 44,491,280	\$ 27,811,370	\$ 28,060,737
Pupil and Instruction Services	19,534,922	19,039,332	15,513,826	15,492,625
Administration and Business	7,487,970	7,428,740	6,694,136	6,482,743
Maintenance and Operations	6,777,563	6,592,113	6,777,563	6,592,113
Transportation	5,919,918	5,620,683	5,345,032	5,045,330
Other	3,327,411	3,526,889	3,224,972	3,411,251
	<u>\$ 86,084,177</u>	<u>\$ 86,699,037</u>	<u>\$ 65,366,899</u>	<u>\$ 65,084,799</u>

Business-Type Activities

The net position of the District’s business-type activities increased by \$199,426, which was comprised of a \$218,998 increase in net position for the food service fund and a decrease in the net position of the academy for technology program of \$19,572. (Refer to Figure A-4). The increase in the food service fund was attributable to operations continuing to recover from the disruption due to COVID-19. The decrease in the academy for technology was strictly associated with the annual depreciation of its capital assets.

Financial Analysis of the District’s Funds

The financial position of the District’s funds increased \$769,956 on the GAAP basis from the previous year.

The fund balance of General Fund increased \$564,882 due to excess Extraordinary Aid and Nonpublic Transportation Aid, unexpended budget appropriations, and the transfer of unexpended balances from the Capital Projects Fund offset by withdrawals from the Capital and Maintenance Reserves for capital projects during the fiscal year.

The fund balance of the Special Revenue Fund increased \$32,854 due to increases in Student Activities and Scholarship balances during the fiscal year.

**MORRIS HILLS REGIONAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Financial Analysis of the District’s Funds

The fund balance of the Capital Projects Fund increased \$184,433 due to transfers from the Capital Reserve of the General Fund offset by expenditures for current year projects.

The fund balance of the Debt Service Fund decreased \$12,213 due to the appropriation of fund balance in the current year budget offset by miscellaneous revenue.

The State imposes spending and tax levy limits on the District in its budget process. The financial condition has been directly affected in recent years by legislation titled “S1701” which reduced the amount of allowable General Fund unassigned fund balance to 2% of adjusted expenditures. This amount was increased to 4% for the 2021 and 2022 fiscal years. At June 30, 2022 the District’s 4% limit is \$2,977,183 plus adjustments for additional State Aid of \$1,215,333, for a total of \$4,192,516 as allowable General Fund unassigned fund balance. Since the made deposits to capital and maintenance reserve and appropriated \$533,000 of fund balance as revenue in its 2022-2023 budget, only \$1,969,526 (or 1.88%) is unassigned at June 30, 2022 which was further reduced by \$854,736 to \$1,114,790 on the GAAP basis due to the June state aid payments which are not recognized until the fiscal year ended June 30, 2023.

General Fund Budgetary Highlights

Over the course of the fiscal year, the District revised the annual operating budget between budgetary line items for changes in school-based needs and has highlighted the most significant transfers and variances.

	Original Budget	Budget Transfers	Final Budget	Actual	Variance to Actual
Expenditures:					
Total Regular Programs - Instruction	\$22,938,151	\$ (758,696)	\$22,179,455	\$21,736,771	\$ 442,684
Total Other Support Services - Students - Extraordinary Services	664,209	256,000	920,209	902,159	18,050
Total Custodial Services	3,836,200	356,069	4,192,269	4,062,219	130,050
Total Student Transportation Services	4,876,160	225,311	5,101,471	4,562,385	539,086
Total Allocated Benefits	12,548,431	(422,876)	12,125,555	11,605,626	519,929
Total On-Behalf TPAF Contributions				15,641,024	(15,641,024)
Total Expenditures	\$73,392,519	\$ 100,000	\$73,492,519	\$86,008,604	\$(12,516,085)

Overall, the District’s budget increased \$100,000 due to a Board-approved withdrawal from the maintenance reserve account during the fiscal year. Transfers were made from regular instruction and allocated benefits to student extraordinary services, custodial services, and student transportation services. The District is required to report revenue and offsetting expenditures for TPAF benefits paid by NJDOE on behalf of the District. These amounts are not budgeted and are required to be presented as excess revenue and expenditures without appropriations. The District also transferred \$4,062,000 to the Capital Projects Fund for HVAC upgrades, fire alarm replacement, flooring abatements and ceiling/lighting upgrades, milling and paving, and field refurbishment and transferred \$1,253,096 from the Capital Projects Fund for unexpended balances of completed projects.

**MORRIS HILLS REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Capital Asset and Long-term Liabilities Administration

The District's capital assets (net of depreciation) decreased \$19,602, or .03%, during the fiscal year. (More detailed information about the District's capital assets is presented in Note 6 to the Basic Financial Statements).

**Figure A-6
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2021/22
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	
Sites (Land)	\$ 288,500	\$ 288,500			\$ 288,500	\$ 288,500	
Construction in Progress	12,061,293	11,491,303			12,061,293	11,491,303	
Buildings and Building Improvements	34,773,748	36,175,129			34,773,748	36,175,129	
Land Improvements	4,939,365	4,003,586			4,939,365	4,003,586	
Machinery & Equipment	3,248,534	3,367,051	\$ 764,487	\$ 769,960	4,013,021	4,137,011	
Total Capital Assets, Net of Depreciation	<u>\$ 55,311,440</u>	<u>\$ 55,325,569</u>	<u>\$ 764,487</u>	<u>\$ 769,960</u>	<u>\$ 56,075,927</u>	<u>\$ 56,095,529</u>	-0.03%

The District invested \$3,494,551 in capital assets - \$3,455,457 from governmental activities (which includes \$2,624,471 from capital projects and \$830,986 from capital outlay for equipment purchases) and \$39,094 from business-type activities. The District incurred \$3,469,586 and \$44,567 of depreciation related to governmental and business-type capital assets, respectively.

Long-term Liabilities

The District's long-term liabilities decreased by \$7,392,402, or 14.13%, during the fiscal year. At fiscal year-end, the District had \$26,095,000 in bonds outstanding (\$18,550,000 refunding bonds and \$7,545,000 ESIP bonds), \$4,469,053 in compensated absences payable, \$2,285,864 in unamortized bond issuance premiums and \$12,066,086 in net pension liability 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 Change 2021/22
	2021/22	2020/21	
General Obligation Bonds (Financed with Property Taxes), Net	\$ 26,095,000	\$ 28,665,000	
Net Pension Liability	12,066,086	16,634,776	
Other Long-Term Liabilities	6,754,917	7,008,629	
	<u>\$ 44,916,003</u>	<u>\$ 52,308,405</u>	-14.13%

During the fiscal year, \$2,145,000 of the District's general obligation bonds and \$425,000 of its ESIP bonds matured, \$258,733 of bond issuance premiums were amortized, the net pension liability decreased \$4,568,690 and compensated absences increased \$32,021.

**MORRIS HILLS REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The District Food Service program operated under the Seamless Summer Option Program where meals were provided to students at no cost. Meals were provided for five days and were served in the cafeteria on school days.
- A large number of staff have changed their health benefit plan to the Educator's Health Benefit Plan taking advantage of the Chapter 44 legislation. This has significantly reduced the employees' contribution towards health benefits, thereby increasing the District's cost.
- The District is committed to remaining within the 2% cap increase allowed on school levy and any allowable adjustments for enrollment or health care costs. State Aid is stable, and the District will continue to monitor costs by implementing best practices which result in efficient operations including sharing services with our elementary districts and municipalities in the areas of services and purchasing.
- The District has an agreement with the Morris County School of Technology to host two academy programs in exchange for tuition. These students are not counted on the District's ASSA for state aid and instead are funded by tuition proceeds. These programs are operated in the financial records as a proprietary fund.
- The District received over \$1.5m in state and federal funds this year devoted to facility projects. The funds were used for upgrades to the HVAC systems in both schools which then allowed the use of Capital Reserve funds for other projects including security, health and safety items.
- The District continued the activities under the Energy Savings Improvement Plan approved in 2019. The activities included HVAC upgrades.
- In an effort to avoid raising taxes for capital improvements, the District has been funding a capital reserve account each year with unexpended appropriations and unanticipated revenue. Those funds are used in subsequent budgets for various capital projects.

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, 48 Knoll Drive, Rockaway, New Jersey 07866-4088.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,782,752	\$ 400,976	\$ 4,183,728
Internal Balances	1,082	(1,082)	
Receivables from Federal Government	428,473	89,006	517,479
Receivables from State Government	1,819,124	1,546	1,820,670
Receivables from Other Governments	99,747	9,158	108,905
Interfund Receivable			
Inventories		11,584	11,584
Restricted Assets - Cash and Cash Equivalents	7,142,859		7,142,859
Capital Assets, Net:			
Sites (Land) and Construction in Progress	12,349,793		12,349,793
Depreciable Buildings and Building Improvements, Land Improvements, and Machinery & Equipment	42,961,647	764,487	43,726,134
Total Assets	<u>68,585,477</u>	<u>1,275,675</u>	<u>69,861,152</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Debt Refunding	2,680,960		2,680,960
Deferred Outflows of Resources Related to Pensions	2,496,843		2,496,843
Total Deferred Outflows of Resources	<u>5,177,803</u>		<u>5,177,803</u>
LIABILITIES			
Current Liabilities:			
Payable to Federal Government	10		10
Payable to State Government	10,798		10,798
Accounts Payable	2,669,311	67,734	2,737,045
Accrued Interest Payable	222,612		222,612
Unearned Revenue	140,597	39,771	180,368
Noncurrent Liabilities:			
Due Within One Year	3,186,382		3,186,382
Due Beyond One Year	41,729,621		41,729,621
Total Liabilities	<u>47,959,331</u>	<u>107,505</u>	<u>48,066,836</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to Pensions	7,926,030		7,926,030
Total Deferred Inflows of Resources	<u>7,926,030</u>		<u>7,926,030</u>
NET POSITION			
Net Investment in Capital Assets	29,611,536	764,487	30,376,023
Restricted for:			
Capital Projects	5,842,528		5,842,528
Debt Service	177,119		177,119
Maintenance	255,020		255,020
Unemployment Compensation	396,456		396,456
Scholarships	362,575		362,575
Student Activities	286,280		286,280
Unrestricted (Deficit)	<u>(19,053,595)</u>	<u>403,683</u>	<u>(18,649,912)</u>
Total Net Position	<u>\$ 17,877,919</u>	<u>\$ 1,168,170</u>	<u>\$ 19,046,089</u>

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 32,555,760		\$ 7,849,641	\$ (24,706,119)		\$ (24,706,119)
Special Education	6,134,877		6,332,109	197,232		197,232
Other Special Instruction	366,250		102,894	(263,356)		(263,356)
School-Sponsored Other Instruction	3,979,506		940,379	(3,039,127)		(3,039,127)
Support Services:						
Tuition	5,181,076			(5,181,076)		(5,181,076)
Student & Instruction Related Services	14,353,846	\$ 304,759	3,716,337	(10,332,750)		(10,332,750)
General Administration Services	1,759,543			(1,759,543)		(1,759,543)
School Administration Services	3,374,884		793,834	(2,581,050)		(2,581,050)
Central Services	1,651,873			(1,651,873)		(1,651,873)
Administrative Information Technology	701,670			(701,670)		(701,670)
Plant Operations and Maintenance	6,777,563			(6,777,563)		(6,777,563)
Pupil Transportation	5,919,918		574,886	(5,345,032)		(5,345,032)
Special Schools	417,481		102,439	(315,042)		(315,042)
Interest on Long-Term Debt	342,379			(342,379)		(342,379)
Unallocated Depreciation*	2,567,551			(2,567,551)		(2,567,551)
Total Governmental Activities	86,084,177	304,759	20,412,519	(65,366,899)		(65,366,899)

* - Excludes direct depreciation expenses of the various programs.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenues		Net (Expenses)/Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 1,927,214	\$ 194,287	\$ 1,951,925		\$ 218,998	\$ 218,998
Academy for Technology	2,746,368	2,726,796			(19,572)	(19,572)
Shared Services	1,155,800	1,155,800				
Total Business-Type Activities	5,829,382	4,076,883	1,951,925		199,426	199,426
Total Primary Government	\$ 91,913,559	\$ 4,381,642	\$ 22,364,444	\$ (65,366,899)	199,426	(65,167,473)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				62,720,036		62,720,036
Taxes Levied for Debt Service				2,430,894		2,430,894
Federal and State Aid Not Restricted				5,648,430		5,648,430
Tuition Charges				303,121		303,121
Investment Earnings				22,633		22,633
Miscellaneous Income				203,153		203,153
Total General Revenues				71,328,267	- 0 -	71,328,267
Change in Net Position				5,961,368	199,426	6,160,794
Net Position - Beginning				11,916,551	968,744	12,885,295
Net Position - Ending				\$ 17,877,919	\$ 1,168,170	\$ 19,046,089

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

FUND FINANCIAL STATEMENTS

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 856,171		\$ 2,749,462	\$ 177,119	\$ 3,782,752
Interfund Receivable	36,913				36,913
Receivables from Federal Government		\$ 428,473			428,473
Receivables from State Government	1,817,980	1,144			1,819,124
Receivables from Other Governments	99,452	295			99,747
Restricted Cash and Cash Equivalents	6,494,004	648,855			7,142,859
Total Assets	<u>\$ 9,304,520</u>	<u>\$ 1,078,767</u>	<u>\$ 2,749,462</u>	<u>\$ 177,119</u>	<u>\$ 13,309,868</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable		\$ 35,831			\$ 35,831
Payable to Federal Government		10			10
Payable to State Government		10,798			10,798
Accounts Payable	\$ 1,121,521	283,881			1,405,402
Unearned Revenue	41,205	99,392			140,597
Total Liabilities	<u>1,162,726</u>	<u>429,912</u>			<u>1,592,638</u>
Fund Balances:					
Restricted:					
Capital Reserve Account	5,842,528				5,842,528
Maintenance Reserve Account	255,020				255,020
Debt Service Fund				\$ 177,119	177,119
Unemployment Compensation	396,456				396,456
Scholarships		362,575			362,575
Student Activities		286,280			286,280
Committed			\$ 2,749,462		2,749,462
Assigned:					
For Subsequent Year's Expenditures	533,000				533,000
Unassigned	1,114,790				1,114,790
Total Fund Balances	<u>8,141,794</u>	<u>648,855</u>	<u>2,749,462</u>	<u>177,119</u>	<u>11,717,230</u>
Total Liabilities and Fund Balances	<u>\$ 9,304,520</u>	<u>\$ 1,078,767</u>	<u>\$ 2,749,462</u>	<u>\$ 177,119</u>	<u>\$ 13,309,868</u>

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different because:

Total Fund Balances (Per Above)	\$ 11,717,230
Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds.	55,311,440
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 of Resources Related to Pensions	2,496,843
District Contributions Subsequent to the Measurement Date are not paid with current economic resources and are therefore reported as a liability in the funds, but are included in the accounts Payable in the Statement of Net Position.	(1,263,909)
Deferred Inflows of Resources Related to Pensions	(7,926,030)
Long-Term Liabilities, including Bonds and the Net PERS Pension Liability Payable, are not due and payable in the current period and therefore are not reported as Liabilities in the Funds.	(44,916,003)
The Deferred Amount on Refunding is not reported as an expenditure in the Governmental Funds in the year of the expenditure.	2,680,960
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(222,612)
Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 17,877,919</u>

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 62,720,036			\$ 2,430,894	\$ 65,150,930
Tuition Charges	303,121				303,121
Restricted Miscellaneous Revenue		\$ 304,759			304,759
Unrestricted Miscellaneous Revenue	212,999		\$ 12,787		225,786
Total - Local Sources	63,236,156	304,759	12,787	2,430,894	65,984,596
State Sources	26,143,855	415,009			26,558,864
Federal Sources	2,379	1,927,990			1,930,369
Total Revenues	89,382,390	2,647,758	12,787	2,430,894	94,473,829
EXPENDITURES					
Current:					
Regular Instruction	21,736,771	447,603			22,184,374
Special Education Instruction	3,377,589	797,543			4,175,132
Other Special Instruction	281,306				281,306
School-Sponsored Other Instruction	3,203,178				3,203,178
Support Services and Undistributed Costs:					
Tuition	5,181,076				5,181,076
Student & Instruction Related Services	8,170,139	1,369,758			9,539,897
General Administration Services	1,202,523				1,202,523
School Administration Services	2,201,192				2,201,192
Central Services	1,344,919				1,344,919
Administrative Information Technology	593,111				593,111
Plant Operations and Maintenance	5,559,364				5,559,364
Pupil Transportation	4,562,385				4,562,385

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES					
Current:					
Allocated Benefits	\$ 11,605,626				\$ 11,605,626
Unallocated Benefits	15,641,024				15,641,024
Capital Outlay	1,015,488		\$ 2,624,471		3,639,959
Special Schools	332,913				332,913
Debt Service:					
Principal				\$ 2,145,000	2,145,000
Interest and Other Charges				310,894	310,894
Total Expenditures	<u>86,008,604</u>	<u>\$ 2,614,904</u>	<u>2,624,471</u>	<u>2,455,894</u>	<u>93,703,873</u>
Excess/(Deficiency) of Revenues/ Over/(Under) Expenditures	<u>3,373,786</u>	<u>32,854</u>	<u>(2,611,684)</u>	<u>(25,000)</u>	<u>769,956</u>
OTHER FINANCING SOURCES/(USES)					
Transfers In	1,253,096		4,062,000	12,787	5,327,883
Transfers Out	<u>(4,062,000)</u>		<u>(1,265,883)</u>		<u>(5,327,883)</u>
Total Other Financing Sources/(Uses)	<u>(2,808,904)</u>	<u>- 0 -</u>	<u>2,796,117</u>	<u>12,787</u>	<u>- 0 -</u>
Net Change in Fund Balances	564,882	32,854	184,433	(12,213)	769,956
Fund Balance—July 1	<u>7,576,912</u>	<u>616,001</u>	<u>2,565,029</u>	<u>189,332</u>	<u>10,947,274</u>
Fund Balance—June 30	<u>\$ 8,141,794</u>	<u>\$ 648,855</u>	<u>\$ 2,749,462</u>	<u>\$ 177,119</u>	<u>\$ 11,717,230</u>

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ 769,956
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.		
	Depreciation Expense	\$ (3,469,586)
	Capital Outlays	<u>3,455,457</u>
		(14,129)
Repayment of debt service principal 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.		2,570,000
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		17,902
The governmental funds report the effect of bond issuance premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (+)		285,733
The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas this amount is deferred and amortized in the statement of activities (-)		(335,120)
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		4,568,690
Change in Deferred Outflows of Resources Related to Pensions		(1,642,388)
Change in Deferred Inflows of Resources Related to Pensions		(227,255)
In the statement of activities, certain operating expenditures, 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 (+).		<u>(32,021)</u>
Change in Net Position of Governmental Activities (Exhibit A-2)		<u><u>\$ 5,961,368</u></u>

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Major Funds			
	Food Service	Academy for Technology	Shared Services	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 394,357	\$ 6,619		\$ 400,976
Receivable from:				
Federal Government	89,006			89,006
State Government	1,546			1,546
Other Governments	8,076		\$ 1,082	9,158
Inventories	11,584			11,584
Total Current Assets	504,569	6,619	1,082	512,270
Non-Current Assets:				
Capital Assets	785,595	1,002,113		1,787,708
Less: Accumulated Depreciation	(373,409)	(649,812)		(1,023,221)
Total Non-Current Assets	412,186	352,301		764,487
Total Assets	916,755	358,920	1,082	1,276,757
LIABILITIES:				
Current Liabilities:				
Interfund Payable - General Fund			1,082	1,082
Accounts Payable	67,734			67,734
Unearned Revenue - Prepaid Sales	39,771			39,771
Total Current Liabilities	107,505		1,082	108,587
Total Liabilities	107,505		1,082	108,587
NET POSITION:				
Investment in Capital Assets	412,186	352,301		764,487
Unrestricted	397,064	6,619		403,683
Total Net Position	\$ 809,250	\$ 358,920	\$ - 0 -	\$ 1,168,170

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds			
	Major Funds			Total Enterprise Funds
	Food Service	Academy for Technology	Shared Services	
Operating Revenue:				
Charges for Services:				
Daily Sales:				
Non-Reimbursable Programs	\$ 71,312			\$ 71,312
Total Daily Sales	71,312			71,312
Special Events	88,176			88,176
Satellite Sales	34,799			34,799
Tuition		\$ 2,726,796		2,726,796
Service Fees			\$ 1,155,800	1,155,800
Total Operating Revenue	194,287	2,726,796	1,155,800	4,076,883
Operating Expenses:				
Cost of Sales:				
Reimbursable Programs	893,692			893,692
Non-Reimbursable Programs	88,387			88,387
Total Cost of Sales	982,079			982,079
Salaries	498,615	1,919,401	739,757	3,157,773
Payroll Taxes	72,782			72,782
Employee Benefits	28,302	325,355	284,305	637,962
Purchased Professional/Educational Services		39,419	106,600	146,019
Other Purchased Services	21,859	386,113	3,054	411,026
Purchased Property Services	176,785			176,785
Supplies and Materials	121,797	56,508	22,084	200,389
Depreciation Expense	24,995	19,572		44,567
Total Operating Expenses	1,927,214	2,746,368	1,155,800	5,829,382
Operating Income/(Loss)	(1,732,927)	(19,572)	- 0 -	(1,752,499)
Non-Operating Revenue:				
Federal Sources:				
COVID-19 Seamless Summer Option:				
School Breakfast Program	304,960			304,960
National School Lunch Program	1,523,893			1,523,893
COVID-19:				
Pandemic EBT Food Benefits	1,242			1,242
Emergency Operational Cost Program	25,740			25,740
Food Distribution Program	60,208			60,208
State Sources:				
COVID-19 Seamless Summer Option:				
School Lunch Program	35,882			35,882
Total Non-Operating Revenue	1,951,925			1,951,925
Change in Net Position	218,998	(19,572)	- 0 -	199,426
Net Position - Beginning of Year	590,252	378,492	- 0 -	968,744
Net Position - End of Year	\$ 809,250	\$ 358,920	\$ - 0 -	\$ 1,168,170

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds				
	Major Funds				Total Enterprise Funds
	Food Service	Academy for Technology	Shared Services	Totals	
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 174,248	\$ 3,380,688	\$ 1,336,069	\$ 4,891,005	\$ 4,891,005
Payments to Employees	(26,066)	(1,919,401)	(739,757)	(2,685,224)	(2,685,224)
Payments to Food Service Vendor	(1,742,065)			(1,742,065)	(1,742,065)
Payments to Suppliers	(38,198)	(1,461,287)	(611,956)	(2,111,441)	(2,111,441)
Net Cash Provided by/(Used for) Operating Activities	(1,632,081)	- 0 -	(15,644)	(1,647,725)	(1,647,725)
Cash Flows from Noncapital and Related Financing Activities:					
Federal Subsidy Reimbursements	1,769,028			1,769,028	1,769,028
Federal Pandemic EBT Food Benefits	1,242			1,242	1,242
Federal Emergency Operational Cost Program	25,740			25,740	25,740
State Subsidy Reimbursements	35,701			35,701	35,701
Net Cash Provided by Noncapital and Related Financing Activities	1,831,711			1,831,711	1,831,711
Cash Flows from Capital and Related Financing Activities:					
Purchase of Capital Assets	(39,094)			(39,094)	(39,094)
Net Cash Used for Capital and Related Financing Activities	(39,094)			(39,094)	(39,094)
Net Increase/(Decrease) in Cash and Cash Equivalents	160,536	- 0 -	(15,644)	144,892	144,892
Cash and Cash Equivalents, July 1	233,821	6,619	15,644	256,084	256,084
Cash and Cash Equivalents, June 30	<u>\$ 394,357</u>	<u>\$ 6,619</u>	<u>\$ - 0 -</u>	<u>\$ 400,976</u>	<u>\$ 400,976</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:					
Operating Income/(Loss)	\$ (1,732,927)	\$ (19,572)	\$ -0-	\$ (1,752,499)	\$ (1,752,499)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:					
Depreciation	24,995	19,572		44,567	44,567
Federal Food Distribution Program	60,208			60,208	60,208
Changes in Assets and Liabilities:					
(Increase)/Decrease in Receivables:					
Tuition		653,892		653,892	653,892
Other	(4,264)		180,269	176,005	176,005
Decrease in Inventory	(2,364)			(2,364)	(2,364)
Increase/(Decrease) in Accounts Payable	38,046		(887)	37,159	37,159
Decrease in Interfund Payable		(653,892)	(195,026)	(848,918)	(848,918)
Increase in Unearned Revenue	(15,775)			(15,775)	(15,775)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (1,632,081)</u>	<u>\$ - 0 -</u>	<u>\$ (15,644)</u>	<u>\$ (1,647,725)</u>	<u>\$ (1,647,725)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$60,208 for the fiscal year ended June 30, 2022.

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Morris Hills Regional 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 government in its entirety. 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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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. 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 with 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. Separate statements for each fund category – *governmental and proprietary* - 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 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 capital 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 expenses by Board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue 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 HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following governmental funds: (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 or lease 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 funds:

Enterprise (Food Service, Academy for Technology, and Shared Services) Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria, academy for technology and shared services (special education and custodial) operations. The food service, academy for technology and shared services (special education and custodial) funds are 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.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary 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. Nonexchange 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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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

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 or lease asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under financed purchases are reported as other financing sources.

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, 2022 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 budgeting 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 fiscal year).

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, except for 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 except for student activities and scholarships. The grant accounting budgetary basis differs from GAAP in that it 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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 89,446,811	\$ 3,541,341
Difference - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue whereas the GAAP Basis Does Not:		
Current Year Encumbrances		(893,583)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	790,315	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(854,736)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 89,382,390</u>	<u>\$ 2,647,758</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 86,008,604	\$ 3,508,487
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for GAAP Reporting Purposes:		
Current Year Encumbrances		<u>(893,583)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 86,008,604</u>	<u>\$ 2,614,904</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

E. Cash and Cash Equivalents and Investments:

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

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

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government 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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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 or assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2022.

K. Capital Assets:

During the fiscal 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 charges 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 recorded at their 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.

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:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	40 years
Land Improvements	10 to 20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 to 10 years

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

K. Capital Assets: (Cont'd)

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

L. Lease Assets

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

M. Long Term Liabilities:

In the District-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, 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.

N. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages for this purpose as of June 30, 2022.

O. 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 various employee contracts and agreements. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent fiscal years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the 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 beyond one year.

P. Leases Payable:

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

Q. Unearned Revenue:

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

R. Fund Balance Appropriated:

General Fund: Of the \$8,141,794 General Fund balance at June 30, 2022, \$5,842,528 is restricted in the capital reserve account; \$255,020 is restricted in the maintenance reserve account; \$396,456 is restricted for unemployment compensation; \$533,000 is assigned and included as anticipated budget revenue for the fiscal year ending June 30, 2023; and \$1,114,790 is unassigned which is \$854,736 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which are not recognized until the fiscal year ended June 30, 2023.

Special Revenue Fund: Of the \$648,855 Special Revenue Fund balance at June 30, 2022, \$362,575 is restricted for scholarships and \$286,280 is restricted for student activities.

Capital Projects Fund: The \$2,749,462 Capital Projects Fund balance at June 30, 2022 is committed.

Debt Service Fund: The Debt Service Fund balance at June 30, 2022 of \$177,119 is restricted, of which \$170,000 is included as anticipated budget revenue for the fiscal year ending June 30, 2023.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended, 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 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 fiscal year's budget. The District did not have excess surplus at June 30, 2022.

N.J.S.A. 18A:22-44.2 provides that in the event one or more state school aid payments are not made until the following school budget year, districts must record those 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 June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the fiscal year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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

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 in the General Fund for capital reserve, maintenance reserve and unemployment compensation, in the Special Revenue Fund for student activities and scholarships and for the Debt Service Fund.

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 has \$2,749,462 of committed resources in the Capital Projects Fund at June 30, 2022.

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 \$533,000 of assigned resources for subsequent fiscal year's expenditures in the General Fund at June 30, 2022.

T. Deficit Net Position:

The District has a \$19,053,595 deficit in unrestricted net position primarily due to the accrual of compensated absences payable, interest payable, deferred inflows related to pensions, and the net PERS pension liability , offset by deferred outflows related to pensions and Governmental Funds unassigned, committed and assigned fund balances. The deficit balance does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

U. 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. The District had deferred outflows of resources at June 30, 2022 related to pensions and for the deferred amount on refunding of debt related to the District's 2012 and 2020 refunding bonds.

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 inflows of resources at June 30, 2022 related to pensions.

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

U. Net Position: (Cont'd)

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, lease assets, net of accumulated amortization 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.

V. 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 fiscal 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.

W. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activities of the Enterprise Funds. For the School District, these revenues are sales for food service, tuition for the academy for technology and fees for shared services (special education and custodial). Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Funds.

X. 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 HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

Y. 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, money market accounts, 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 Board 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 government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Board 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 Board limits its investments to those authorized in its cash management plan which are those permitted under state statute and are detailed on the following page.

Custodial Credit Risk – The District's policy with respect to custodial credit risk ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

Deposits: (Cont'd)

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit, and

In addition to the above collateral requirement, if 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, the Federal Home Loan Bank Board 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 District 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;
- (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.). ;

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

Investments: (Cont'd)

- (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; or
- (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.

As of June 30, 2022, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking and Savings Accounts	\$ 4,183,728	\$ 7,142,859	\$ 11,326,587
	\$ 4,183,728	\$ 7,142,859	\$ 11,326,587

During the period ended June 30, 2022, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2022 was \$11,326,587 and the bank balance was \$12,574,288.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board on September 25, 2000, by inclusion of \$1,000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District’s approved Long-Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at fiscal year-end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1 (g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021		\$ 5,051,242
Interest Earnings	\$ 190	
Increase by Board Resolution - June 20, 2022	3,600,000	
Unexpended Funds Returned - Capital Projects Fund	<u>1,253,096</u>	
		4,853,286
Budgeted Withdrawals	(3,900,000)	
Withdrawals by Board Resolution	<u>(162,000)</u>	
		<u>(4,062,000)</u>
Ending Balance, June 30, 2022		<u>\$ 5,842,528</u>

The balance in the capital reserve account at June 30, 2022 does not exceed the balance of local support costs of uncompleted capital projects in the District’s 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 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$200,000 was established by Board resolution on June 20, 2011. These funds may 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 fiscal year in the advertised recapitulation of balances of the subsequent fiscal 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 fiscal year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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 fiscal 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 fiscal year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current fiscal 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 fiscal 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 activity of the maintenance reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021		\$ 305,010
Interest Earnings	\$ 10	
Increase by Board Resolution - June 20, 2022	250,000	
		250,010
		555,020
Budgeted Withdrawals	(200,000)	
Withdrawals by Board Resolution	(100,000)	
		(300,000)
Ending Balance, June 30, 2022		\$ 255,020

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2022 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 288,500			\$ 288,500
Construction in Progress	11,491,303	\$ 2,624,471	\$(2,054,481)	12,061,293
Total Capital Assets Not Being Depreciated	11,779,803	2,624,471	(2,054,481)	12,349,793
Capital Assets Being Depreciated:				
Buildings and Building Improvements	104,355,608		957,849	105,313,457
Land Improvements	7,797,339		1,096,632	8,893,971
Machinery and Equipment	15,890,963	830,986		16,721,949
Total Capital Assets Being Depreciated	128,043,910	830,986	2,054,481	130,929,377
Governmental Activities Capital Assets	139,823,713	3,455,457		143,279,170

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the fiscal year ended June 30, 2022 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	\$ (68,180,479)	\$ (2,359,230)		\$ (70,539,709)
Land Improvements	(3,793,753)	(160,853)		(3,954,606)
Machinery and Equipment	(12,523,912)	(949,503)		(13,473,415)
	<u>(84,498,144)</u>	<u>(3,469,586)</u>		<u>(87,967,730)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 55,325,569</u>	<u>\$ (14,129)</u>	<u>\$ - 0 -</u>	<u>\$ 55,311,440</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 910,890			\$ 910,890
Machinery and Equipment	837,724	\$ 39,094		876,818
Total Capital Assets Being Depreciated	<u>1,748,614</u>	<u>39,094</u>		<u>1,787,708</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(411,017)	(19,572)		(430,589)
Machinery and Equipment	(567,637)	(24,995)		(592,632)
	<u>(978,654)</u>	<u>(44,567)</u>		<u>(1,023,221)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 769,960</u>	<u>\$ (5,473)</u>	<u>\$ - 0 -</u>	<u>\$ 764,487</u>

The increases totaling \$3,494,551 including \$2,624,471 towards construction projects in progress, represent current fiscal year capitalized expenditures in the General and Capital Projects Funds and Business-Type Activities. As of June 30, 2022, the District had active construction projects balances totaling \$2,749,462.

Depreciation expense was charged directly to governmental functions as follows:

Regular Instruction	\$ 65,180
Student and Instruction Related Services	65,763
General Administrative Services	507,982
Plant Operations and Maintenance	26,161
Pupil Transportation	236,949
Unallocated (Not Associated with an Identifiable Function or Program)	<u>2,567,551</u>
	<u>\$ 3,469,586</u>

NOTE 7: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2022, the District transferred \$153,599 to the capital outlay accounts for equipment, for which County Superintendent approval was not required.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2022, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2021	Added	Retired	Balance 6/30/2022	Balance Due Within One Year
School Refunding Bonds Payable	\$ 20,695,000		\$ 2,145,000	\$ 18,550,000	\$ 2,215,000
ESIP Bonds Payable	7,970,000		425,000	7,545,000	470,000
Compensated Absences Payable	4,437,032	\$ 327,992	295,971	4,469,053	215,649
Unamortized Bond Issuance					
Premiums	2,571,597		285,733	2,285,864	285,733
Net Pension Liability	16,634,776		4,568,690	12,066,086	- 0 -
	<u>\$ 52,308,405</u>	<u>\$ 327,992</u>	<u>\$ 7,720,394</u>	<u>\$ 44,916,003</u>	<u>\$ 3,186,382</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

On March 28, 2012, the District issued \$28,230,000 of General Obligation Refunding School Bonds with interest rates ranging from 2.00%-5.00% to advance refund \$30,507,000 of the District's 2004 School Bonds with interest rates ranging from 3.50%-4.25% for the construction of renovations to the District's high schools.

On July 16, 2020, the District issued refunding school bonds of \$17,615,000 with interest rates between 0.446% and 1.662% to refund \$15,475,000 of 2012 refunding school bonds with an interest rate of 5% for the construction of renovations to the District's two high schools.

The District had refunding bonds outstanding as of June 30, 2022 as follows:

Purpose	Final Maturity	Interest Rate	Amount
2012 Refunding Bonds	10/01/2022	4.00%	\$ 1,810,000
2020 Refunding Bonds	10/01/2029	0.616%-1.662%	16,740,000
			<u>\$ 18,550,000</u>

Principal and interest due on the District's 2012 refunding bonds outstanding is as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2023	\$ 1,810,000	\$ 809,950	\$ 2,619,950
	<u>\$ 1,810,000</u>	<u>\$ 809,950</u>	<u>\$ 2,619,950</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

A. Bonds Payable: (Cont'd)

Principal and interest due on the District's 2020 refunding bonds outstanding is as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 405,000	\$ 201,442	\$ 606,442
2024	2,260,000	192,375	2,452,375
2025	2,275,000	174,397	2,449,397
2026	2,300,000	152,360	2,452,360
2027	2,325,000	125,531	2,450,531
Thereafter:			
2028-2030	<u>7,175,000</u>	<u>173,229</u>	<u>7,348,229</u>
	<u>\$ 16,740,000</u>	<u>\$ 1,019,334</u>	<u>\$ 17,759,334</u>

On April 3, 2019, the District issued energy savings obligation refunding bonds of \$8,230,000 with interest rates ranging from 2.0% to 5.0%. The bonds mature on July 15, 2020 through 2039. The energy savings obligation refunding bonds were issued to fund the implementation of the District's energy savings improvement plan ("ESIP"), entailing various permitted energy conservation measures under the ESIP Law. This includes installation of interior and exterior lighting upgrades and replacements, lighting occupancy sensors, energy management systems, HVAC systems and control systems, building exterior weatherization improvements and small-scale solar PV systems.

The ESIP Law (P.L. 2009, c. 4) allowed the District to issue energy savings obligation refunding bonds without voter approval to fund certain improvements that result in reduced energy use, facilities for production of renewable energy or water conservation improvements (collectively, "ECMs"); provided that the value of the savings will cover the cost of the ECMs. The ESIP law provides, however, that notwithstanding any law to the contrary, energy savings obligation refunding bonds shall not be excepted from any budget or school levy limitation otherwise provided by law, and shall be funded through appropriations in the General Fund annual budget, on the basis that the costs of implemented energy conservation measures should be fully offset by energy savings to be generated by such measures (on both an annual and aggregate basis).

The District had ESIP bonds outstanding as of June 30, 2022 as follows:

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
ESIP Bonds	7/15/2039	4.00%-5.00%	<u>\$ 7,545,000</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

A. Bonds Payable: (Cont'd)

Principal and interest due on the District's ESIP bonds outstanding is as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 470,000	\$ 326,250	\$ 796,250
2024	285,000	311,150	596,150
2025	295,000	298,075	593,075
2026	250,000	284,450	534,450
2027	280,000	271,200	551,200
Thereafter:			
2028-2032	1,800,000	1,138,475	2,938,475
2033-2037	2,410,000	705,650	3,115,650
2038-2040	1,755,000	136,125	1,891,125
	<u>\$ 7,545,000</u>	<u>\$ 3,471,375</u>	<u>\$ 11,016,375</u>

The ESIP bonds payable will be liquidated by the General Fund.

B. Bonds Authorized But Not Issued:

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

C. Unamortized Bond Issuance Premiums:

The liability for unamortized bond issuance premiums of the governmental fund types is recorded in the current and long-term liabilities. The current portion of unamortized bond issuance premiums at June 30, 2022 is \$285,733 and the long-term portion is \$2,000,131.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and is liquidated by the General Fund. The current portion of compensated absences payable at June 30, 2022 is \$215,649 and the long-term portion is \$4,253,404.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees; however, there was no liability as of June 30, 2022.

E. 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, 2022 is \$0- and the long-term portion is \$12,066,086. See Note 9 for further information on the PERS.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(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 Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; 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 annual financial statements 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:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 with 25 years or more of service credit before age 62 and Tier 5 with 30 years or more 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 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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

District contributions to PERS amounted to \$1,192,824 for fiscal year 2022.

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

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

At June 30, 2022, the District reported a liability of \$12,066,086 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the District's proportion was 0.1019%, which was a decrease of 0.0001% the same from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized an actual pension benefit of \$1,506,224.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Amortization</u> <u>Period</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Assumptions:			
2017	5.48 years		\$ 509,916
2018	5.63 years		955,984
2019	5.21 years		843,344
2020	5.16 years		1,986,361
2021	5.13 years	\$ 62,840	
		<u>62,840</u>	<u>4,295,605</u>
Changes in Proportion:			
2017	5.48 years		112,330
2018	5.63 years	135,745	
2019	5.21 years		226,158
2020	5.16 years	844,051	
2021	5.13 years		27,034
		<u>979,796</u>	<u>365,522</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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)

	Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience:			
2017	5.48 years	\$ 15,165	
2018	5.63 years		\$ 36,405
2019	5.21 years	64,466	
2020	5.16 years	110,667	
2021	5.13 years		49,974
		190,298	86,379
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2018	5 years		94,252
2019	5 years		(30,412)
2020	5 years		(685,402)
2021	5 years		3,800,086
			3,178,524
District Contribution Subsequent to the Measurement Date - 2021	1 year	1,263,909	
		\$ 2,496,843	\$ 7,926,030

The \$1,263,909 District contribution subsequent to the measurement date will be included as a reduction of its net pension liability in the subsequent fiscal year. Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding amount of employer specific District contribution subsequent to the measurement date) related to pensions will be recognized in the pension expense/(benefit) as follows:

Fiscal Year Ending June 30,	Total
2022	\$ (2,717,895)
2023	(1,822,119)
2024	(1,146,955)
2025	(1,005,682)
2026	(445)
	\$ (6,693,096)

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

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

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-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments 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, 2021 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, 2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 16,431,562	\$ 12,066,086	\$ 8,361,360

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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 annual financial statements 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:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 years or more of service credit before age 62 and Tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for their respective tier. 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 HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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 includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2021, the State's pension contribution was more 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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2022, the State of New Jersey contributed \$10,829,860 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$2,965,968.

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

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

At June 30, 2022, the State's proportionate share of the net pension liability associated with the District was \$126,048,149. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. The 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, 2021, the District's proportion was 0.2622%, which was a decrease of 0.0014% from its proportion measured as of June 30, 2020.

District's Proportionate Share of the Net Pension Liability	\$ - 0 -
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>126,048,149</u>
Total	<u>\$ 126,048,149</u>

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$2,965,968 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 financial statements.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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)

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

	<u>Amortization Period</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions:			
2014	8.50 years	\$ 153,774,925	
2015	8.30 years	926,219,611	
2016	8.30 years	3,000,278,784	
2017	8.30 years		\$ 5,282,196,290
2018	8.29 years		3,527,661,165
2019	8.04 years		2,510,940,613
2020	7.99 years	1,209,286,241	
2021	7.93 years		12,903,483,645
		<u>5,289,559,561</u>	<u>24,224,281,713</u>
Difference Between Expected and Actual Experience:			
2014	8.50 years		1,464,605
2015	8.30 years	57,204,429	
2016	8.30 years		37,311,034
2017	8.30 years	93,981,436	
2018	8.29 years	618,845,893	
2019	8.04 years		97,553,990
2020	7.99 years		6,444,940
2021	7.93 years	171,234,070	
		<u>941,265,828</u>	<u>142,774,569</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2018	5 years		96,030,373
2019	5 years		(72,441,385)
2020	5 years		(724,186,621)
2021	5 years		3,554,633,811
			<u>2,854,036,178</u>
		<u>\$ 6,230,825,389</u>	<u>\$ 27,221,092,460</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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
2022	\$ (2,914,282,899)
2023	(3,500,098,875)
2024	(4,665,036,366)
2025	(4,192,375,542)
2026	(2,350,648,872)
Total Thereafter	(3,367,824,517)
	\$ (20,990,267,071)

Actuarial Assumptions

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2021 are summarized in the following table:

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments in determining the total pension liability.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Sensitivity of the State'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, 2021 calculated using the discount rate as disclosed below, as well as what the State's proportionate share of the net pension liability associated with 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, 2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 149,136,014	\$ 126,048,149	\$ 106,655,792

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$66,971 for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$52,137 for the fiscal year ended June 30, 2022.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

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 Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health 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 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 annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notice-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2020, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	150,427
Active Plan Members	<u>213,901</u>
Total	<u><u>364,328</u></u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020 which was rolled forward to June 30, 2021.

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 - 4.45%	2.00 - 6.00%
	based on	based on
	service years	service years
Thereafter	2.75 - 5.65%	3.00 - 7.00%
	based on	based on
	service years	service years

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2013 – June 30, 2018 and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2020 was 2.16%. 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 Attributable to the District

	Total OPEB Liability
Balance at June 30, 2020	\$ 162,377,522
Changes for Year:	
Service Cost	7,060,864
Interest Cost	3,798,172
Changes of Benefit Terms	(155,841)
Difference Between Expected and Actual Experience	(23,914,899)
Changes in Assumptions	144,450
Member Contributions	97,101
Gross Benefit Payments	(2,991,895)
Net Changes	(15,962,048)
Balance at June 30, 2021	\$ 146,415,474

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (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, 2021 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, 2021		
	At 1% Decrease (1.16%)	At Discount Rate (2.16%)	At 1% Increase (3.16%)
Total OPEB Liability Attributable to the District	\$ 175,382,753	\$ 146,415,474	\$ 123,605,481

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2021 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, 2021		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 118,523,802	\$ 146,415,474	\$ 183,871,928

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$8,001,600 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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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

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, 2021, the State deferred outflows of resources and deferred inflows of resources related to OPEB attributable to the District is from the following sources:

	Year of Deferral	Original Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumption	2017	9.54 years		\$ 8,228,595
	2018	9.51 years		7,480,421
	2019	9.29 years	1,027,860	
	2020	9.24 years	23,680,851	
	2021	9.24 years	128,817	
				24,837,528
Difference Between Expected and Actual Experience	2018	9.51 years		7,071,325
	2019	9.29 years		12,097,975
	2020	9.24 years	22,071,482	
	2021	9.24 years		24,772,587
				22,071,482
Changes in Proportion	N/A	N/A	4,591,915	1,490,176
			\$ 51,500,925	\$ 61,141,079

N/A - Not Available

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2021	\$ (2,884,756)
2022	(2,884,756)
2023	(2,884,756)
2024	(2,884,756)
2025	(2,051,022)
Total Thereafter	848,153
	\$ (12,741,893)

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District has health benefits coverage for its employees under the State of New Jersey Employees' Health Benefit Plan.

Property and Liability Insurance

The Morris Hills Regional School District is a member of the New Jersey Schools Insurance Group (the "Group"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep 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 HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

Selected, summarized financial information for the Group as of June 30, 2022 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 419,556,712
Net Position	\$ 184,982,708
Total Revenue	\$ 134,563,842
Total Expenses	\$ 121,403,370
Member Dividends	\$ - 0 -
Change in Net Position	\$ 13,160,472

Financial statements for the Group are available at the Group's Office or website:

New Jersey Schools Insurance Group
6000 Midlantic Drive
Mount Laurel, NJ 08054
(609) 386-6060
www.njsig.org

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, interest earned, reimbursements to the State for benefits paid and the ending balance of the District's restricted unemployment compensation fund balance in the General Fund for the current and previous two fiscal years.

Fiscal Year	District Contributions	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2021-2022	\$ - 0 -	\$ 32	\$ 175,437	\$ 129,133	\$ 396,456
2020-2021	100,000	72	179,927	137,049	350,120
2019-2020	- 0 -	1,029	121,027	68,015	207,170

NOTE 12. DEFERRED COMPENSATION

The Board offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future fiscal years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 12. DEFERRED COMPENSATION (Cont'd)

The plan administrators are as follows:

403b

The Legend Group 4600 East Park Drive Suite 300 Palm Beach Gardens, FL 33410	Equitable Life Insurance Co. AXA Advisors, LLC 90 Woodbridge Center Drive Woodbridge, NJ 07095	Aspire Financial Services 4010 Boy Scout Boulevard Suite 450 Tampa, FL 33607
Lincoln National Life Insurance Co. PO Box 2340 Fort Wayne, IN 46801-2340	Mass Mutual Financial Group 1295 State Street Springfield, MA 01111-0001	MetLife PO Box 10356 Des Moines, IA 50303-0356
Variable Annuity Life Insurance Co. 205 E. 10th Avenue Amarillo, TX 79101	Security Benefit One Security Benefit Place Topeka, KS 66636	Lincoln Investment Planning 601 Office Center Drive Suite 300 Fort Washington, PA 19034

457

Equitable Life Insurance Co. AXA Advisors, LLC 90 Woodbridge Center Drive Woodbridge, NJ 07095	The Legend Group 4600 East Park Drive Suite 300 Palm Beach Gardens, FL 33410	MetLife PO Box 10356 Des Moines, IA 50303-0356
Security Benefit One Security Benefit Place Topeka, KS 66636		

NOTE 13. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following interfund balances remained on the balance sheet at June 30, 2022:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 36,913	
Special Revenue Fund		\$ 35,831
Proprietary Funds:		
Shared Services		1,082
	<u>\$ 36,913</u>	<u>\$ 36,913</u>

The interfund receivable balance in the General Fund represents interfund loans advanced to the Special Revenue Fund while awaiting collection of federal grant reimbursements and to the Proprietary Funds while awaiting the collection of accounts receivable.

During the fiscal year, the General Fund transferred \$4,062,000 to the Capital Projects Fund for the local share of capital projects, and the Capital Projects Fund transferred \$1,253,096 of unexpended balance for the local share of projects to the General Fund and \$12,787 of interest earnings to the Debt Service Fund.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 14. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2022:

	<u>Governmental Funds</u>		District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Business- Type Activities Proprietary Funds
	General Fund	Special Revenue Fund			
Accrued Salaries and Wages	\$ 304,181	\$ 1,680		\$ 305,861	
Payroll Deductions and Withholdings	65,874			65,874	
Vendors	751,466	282,201		1,033,667	\$ 67,734
Due to:					
State of New Jersey			\$ 1,263,909	1,263,909	
	<u>\$ 1,121,521</u>	<u>\$ 283,881</u>	<u>\$ 1,263,909</u>	<u>\$ 2,669,311</u>	<u>\$ 67,734</u>

NOTE 15. CONTINGENCIES

Litigation

The Board is periodically involved in claims and lawsuits arising in the normal course of business, including issues regarding special education. The Board does not believe that the ultimate outcome of these claims will have a material adverse effect on the District's financial position.

Grant Programs

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

Encumbrances

At June 30, 2022, there were \$893,583 and \$1,248,415 of encumbrances in the Special Revenue and Capital Projects governmental funds, respectively. In the District's Governmental Funds Balance Sheet as of June 30, 2022, \$-0- is assigned for encumbrances in the Special Revenue Fund, which is \$893,583 less than the actual encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund, The \$1,248,415 of fiscal year-end encumbrances in the Capital Projects Fund are included in the \$2,749,462 committed fund balance on a GAAP and budgetary basis at June 30, 2022.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 16. 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 17. TAX ABATEMENTS

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

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

The Borough of Wharton recognized revenue in the amount of \$583,681 from two payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2021 without the abatements would have been \$977,848 of which \$245,905 would have been regional school taxes.

NOTE 18. TAX CALENDAR

Property taxes are levied by the District's constituent municipalities 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 municipalities and are remitted to the regional school district on a predetermined mutually agreed-upon schedule.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 19. PRIOR ADJUSTMENT

The District made a prior year adjustment in the District Wide Financial Statements to reallocate bond issuance premiums as of June 30, 2021.

	Balance 6/30/2021 as Previously Reported	Retroactive Adjustments	Balance 6/30/2021 Restated
<u>Statement of Net Position - Governmental Activities:</u>			
Net Position:			
Net Investment in Capital Assets	\$ 29,676,649	\$ (2,571,597)	\$ 27,105,052
Unrestricted (Deficit)	(24,271,803)	2,571,597	(21,700,206)

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

MORRIS HILLS REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's Proportion of the Net Pension Liability	0.0962923203%	0.0954496502%	0.1020423880%	0.0961607878%	0.0982396375%
District's Proportionate Share of the Net Pension Liability	\$ 18,028,556	\$ 21,426,534	\$ 30,222,029	\$ 22,384,694	\$ 19,342,895
District's Covered Employee Payroll	\$ 6,627,964	\$ 6,819,569	\$ 6,608,576	\$ 6,781,784	\$ 6,639,087
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	272.01%	314.19%	457.32%	330.07%	291.35%
Plan Fiduciary Net Position as a % of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%	53.60%
	Fiscal Year Ending June 30,				
	2020	2021	2022		
District's Proportion of the Net Pension Liability	0.0958858628%	0.1020076279%	0.1018535970%		
District's Proportionate Share of the Net Pension Liability	\$ 17,277,178	\$ 16,634,776	\$ 12,066,086		
District's Covered Employee Payroll	\$ 7,093,614	\$ 7,391,394	\$ 7,356,441		
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	243.56%	225.06%	164.02%		
Plan Fiduciary Net Position as a % of the Total Pension Liability	56.27%	58.32%	70.33%		

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 793,820	\$ 820,611	\$ 912,135	\$ 903,471	\$ 1,013,329
Contributions in relation to the Contractually Required Contribution	<u>(793,820)</u>	<u>(820,611)</u>	<u>(912,135)</u>	<u>(903,471)</u>	<u>(1,013,329)</u>
Contribution Deficiency/(Excess)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
District's Covered Employee Payroll	\$ 6,819,569	\$ 6,608,576	\$ 6,781,784	\$ 6,639,087	\$ 7,093,614
Contributions as a % of Covered Employee Payroll	11.64%	12.42%	13.45%	13.61%	14.29%

	Fiscal Year Ending June 30,		
	2020	2021	2022
Contractually Required Contribution	\$ 937,288	\$ 1,115,914	\$ 1,192,824
Contributions in relation to the Contractually Required Contribution	<u>(937,288)</u>	<u>(1,115,914)</u>	<u>(1,192,824)</u>
Contribution Deficiency/(Excess)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
District's Covered Employee Payroll	\$ 7,391,394	\$ 7,356,441	\$ 7,196,765
Contributions as a % of Covered Employee Payroll	12.68%	15.17%	16.57%

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 HILLS REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's Proportion of the Net Pension Liability attributable to the District	0.2567333136%	0.2564323239%	0.2639141422%	0.2675915304%	0.2638701563%
State's Proportionate Share of the Net Pension Liability attributable to the District	\$ 137,215,600	\$ 162,076,179	\$ 207,611,668	\$ 180,419,859	\$ 167,868,526
District's Covered Employee Payroll	\$ 26,259,124	\$ 27,301,314	\$ 27,267,601	\$ 28,035,898	\$ 27,905,288
State's Proportionate Share of the Net Pension Liability attributable to the District as a % of the District's Covered Employee Payroll	522.54%	593.66%	761.39%	643.53%	601.57%
Plan Fiduciary Net Position as a % of the Total Pension Liability	33.64%	28.71%	28.71%	25.41%	26.49%

	Fiscal Year Ending June 30,		
	2020	2021	2022
State's Proportion of the Net Pension Liability attributable to the District	0.2646224977%	0.2636784359%	0.2621896080%
State's Proportionate Share of the Net Pension Liability attributable to the District	\$ 162,401,325	\$ 173,629,077	\$ 126,048,149
District's Covered Employee Payroll	\$ 28,062,499	\$ 29,580,115	\$ 30,263,633
State's Proportionate Share of the Net Pension Liability attributable to the District as a % of the District's Covered Employee Payroll	578.71%	586.98%	416.50%
Plan Fiduciary Net Position as a % of the Total Pension Liability	26.95%	24.60%	35.52%

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 HILLS REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 7,383,488	\$ 9,896,210	\$ 15,599,128	\$ 12,498,574	\$ 9,786,148
Contributions in relation to the Contractually Required Contribution	<u>(1,386,367)</u>	<u>(2,112,999)</u>	<u>(2,904,636)</u>	<u>(3,885,876)</u>	<u>(5,204,484)</u>
Contribution Deficiency/(Excess)	<u>\$ 5,997,121</u>	<u>\$ 7,783,211</u>	<u>\$ 12,694,492</u>	<u>\$ 8,612,698</u>	<u>\$ 4,581,664</u>
District's Covered Employee Payroll	\$ 27,301,314	\$ 27,267,601	\$ 28,035,898	\$ 27,905,288	\$ 28,062,499
Contributions as a % of Covered Employee Payroll	5.08%	7.75%	10.36%	13.93%	18.55%

	Fiscal Year Ending June 30,		
	2020	2021	2022
Contractually Required Contribution	\$ 9,578,864	\$ 10,796,995	\$ 2,965,968
Contributions in relation to the Contractually Required Contribution	<u>(5,783,479)</u>	<u>(7,621,534)</u>	<u>(10,829,860)</u>
Contribution Deficiency/(Excess)	<u>\$ 3,795,385</u>	<u>\$ 3,175,461</u>	<u>\$ (7,863,892)</u>
District's Covered Employee Payroll	\$ 29,580,115	\$ 30,263,633	\$ 31,297,224
Contributions as a % of Covered Employee Payroll	19.55%	25.18%	34.60%

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 HILLS REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL
OPEB LIABILITY ATTRIBUTABLE TO THE DISTRICT AND RELATED RATIOS
LAST FIVE FISCAL YEARS

	Fiscal Year Ending June 30,				
	2017	2018	2019	2020	2021
Total OPEB Liability					
Service Cost	\$ 5,288,809	\$ 4,381,225	\$ 4,003,433	\$ 4,046,230	\$ 7,060,864
Interest Cost	4,017,148	4,646,229	4,417,056	3,632,896	3,798,172
Changes of Benefit Terms					(155,841)
Difference Between Expected and Actual Experience		(8,542,298)	(17,430,672)	26,669,194	(23,914,899)
Changes in Assumptions	(16,715,162)	(12,809,410)	1,507,552	29,660,793	144,450
Member Contributions	108,172	103,159	92,004	85,682	97,101
Gross Benefit Payments	(2,937,649)	(2,984,785)	(3,103,763)	(2,826,859)	(2,991,895)
Net Change in Total OPEB Liability	(10,238,682)	(15,205,880)	(10,514,390)	61,267,936	(15,962,048)
Total OPEB Liability - Beginning	137,068,538	126,829,856	111,623,976	101,109,586	162,377,522
Total OPEB Liability - Ending	<u>\$ 126,829,856</u>	<u>\$ 111,623,976</u>	<u>\$ 101,109,586</u>	<u>\$ 162,377,522</u>	<u>\$ 146,415,474</u>
District's Covered Employee Payroll *	\$ 33,876,177	\$ 34,817,682	\$ 34,544,375	\$ 36,971,509	\$ 37,620,074
Total OPEB Liability as a Percentage of Covered Employee Payroll	374%	321%	293%	439%	389%

* - Covered payroll for the fiscal years ending June 30, 2017 - 2021 is based on the payroll on the June 30, 2016 - 2020 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 HILLS REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2020 was 2.16%. The discount rate for June 30, 2021 was 2.21%, a change of -.05%.

The salary increases for TPAF/ABP for thereafter were 1.55 – 4.45% in the valuation as of June 30, 2020 while the salary increases for TPAF/ABP for thereafter are 2.75 – 5.65% in the valuation as of June 30, 2021.

The salary increases for PFRS for thereafter were applied to all future years in the valuation as of June 30, 2020 while the salary increases for PFRS for thereafter are not applicable in the valuation as of June 30, 2021.

The mortality rates in the valuation as of June 30, 2021 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-2021. 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-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 "Safety" (PFRS), "General" (PERS) and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The mortality rates in the valuation as of June 30, 2020 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-2020. 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-2020. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

The health care trend rates in the valuation as of June 30, 2021 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

The health care trend rates in the valuation as of June 30, 2020 were based on the following:

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

BUDGETARY COMPARISON SCHEDULES

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 62,720,036		\$ 62,720,036	\$ 62,720,036	
Tuition From Other LEA's Within the State	284,253		284,253	258,724	\$ (25,529)
Tuition From Summer School	30,000		30,000	44,397	14,397
Interest Earned on Maintenance Reserve	10		10	10	
Interest Earned on Capital Reserve	190		190	190	
Miscellaneous	245,357		245,357	212,799	(32,558)
Total - Local Sources	63,279,846		63,279,846	63,236,156	(43,690)
State Sources:					
Special Education Categorical Aid	2,642,356		2,642,356	2,642,356	
Equalization Aid	3,725,355		3,725,355	3,725,355	
School Choice Aid	1,871,232		1,871,232	1,871,232	
Security Aid	58,232		58,232	58,232	
Transportation Aid	554,744		554,744	554,744	
Extraordinary Special Education Aid	500,000		500,000	1,694,613	1,194,613
Nonpublic School Transportation Costs				20,720	20,720
On-Behalf TPAF Contributions:					
Post-Retirement Medical Benefits (Non-Budgeted)				2,565,992	2,565,992
Pension (Non-Budgeted)				10,829,860	10,829,860
Non-Contributory Insurance (Non-Budgeted)				152,794	152,794
Long-Term Disability Insurance (Non-Budgeted)				3,073	3,073
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				2,089,305	2,089,305
Total State Sources	9,351,919		9,351,919	26,208,276	16,856,357
Federal Sources:					
Medicaid Reimbursement (SEMI)	27,954		27,954	2,379	(25,575)
Total Federal Sources	27,954		27,954	2,379	(25,575)
TOTAL REVENUES	72,659,719		72,659,719	89,446,811	16,787,092

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 20,122,110	\$ (483,208)	\$ 19,638,902	\$ 19,628,553	\$ 10,349
Regular Programs - Home Instruction:					
Salaries of Teachers	40,000	63,000	103,000	102,977	23
Purchased Professional - Educational Services	100,000	85,468	185,468	147,165	38,303
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	145,000	(45,000)	100,000	100,000	
Other Purchased Services (400-500 series)	1,056,034	(220,760)	835,274	704,955	130,319
General Supplies	1,271,091	(106,355)	1,164,736	921,140	243,596
Textbooks	186,345	(50,273)	136,072	124,986	11,086
Other Objects	17,571	(1,568)	16,003	6,995	9,008
Total Regular Programs - Instruction	22,938,151	(758,696)	22,179,455	21,736,771	442,684
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	368,884	35,100	403,984	403,920	64
Other Salaries for Instruction	66,296	(52,589)	13,707	13,707	
General Supplies	2,500		2,500	2,468	32
Textbooks	7,500	(1,555)	5,945	5,945	
Total Learning and/or Language Disabilities	445,180	(19,044)	426,136	426,040	96

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	\$ 402,127	\$ 48,600	\$ 450,727	\$ 450,706	\$ 21
Other Salaries for Instruction	79,345	(37,100)	42,245	39,789	2,456
Other Purchased Services (400-500 series)	4,000	(5)	3,995	874	3,121
General Supplies	5,000	16,055	21,055	20,654	401
Textbooks	5,000		5,000	4,606	394
Total Multiple Disabilities	495,472	27,550	523,022	516,629	6,393
Resource Room/Resource Center:					
Salaries of Teachers	2,481,569	(118,950)	2,362,619	2,360,511	2,108
Other Salaries for Instruction	204,360	(129,500)	74,860	70,601	4,259
Other Purchased Services (400-500 series)		5	5	4	1
General Supplies	1,000	4,500	5,500	3,804	1,696
Total Resource Room/Resource Center	2,686,929	(243,945)	2,442,984	2,434,920	8,064
Total Special Education Instruction	3,627,581	(235,439)	3,392,142	3,377,589	14,553
Bilingual Education - Instruction:					
Salaries of Teachers	269,495	4,800	274,295	274,285	10
Other Purchased Services (400-500 series)	200	(165)	35	33	2
General Supplies	200	6,964	7,164	6,988	176
Textbooks	200	(200)			
Total Bilingual Education - Instruction	270,095	11,399	281,494	281,306	188

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 572,645		\$ 572,645	\$ 532,401	\$ 40,244
Purchased Services (300-500 series)	35,500	\$ (2,152)	33,348	21,856	11,492
Supplies and Materials	19,332	20	19,352	13,959	5,393
Other Objects	14,000	(200)	13,800	11,150	2,650
Total School-Sponsored Cocurricular Activities - Instruction	641,477	(2,332)	639,145	579,366	59,779
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	2,016,927	11,846	2,028,773	1,974,356	54,417
Purchased Services (300-500 series)	275,088	66,787	341,875	329,342	12,533
Supplies and Materials	202,129	(11,628)	190,501	170,383	20,118
Other Objects	62,900	(36,656)	26,244	5,624	20,620
Total School-Sponsored Cocurricular Athletics - Instruction	2,557,044	30,349	2,587,393	2,479,705	107,688
Total Instruction	30,034,348	(954,719)	29,079,629	28,454,737	624,892
Other Instructional Programs:					
Summer School - Instruction:					
Salaries	26,160	3,600	29,760	29,714	46
Other Salaries for Instruction	54,120	(3,000)	51,120	50,502	618
Total Summer School - Instruction	80,280	600	80,880	80,216	664
Summer School - Support Services:					
Salaries	76,900	3,108	80,008	57,795	22,213
Total Summer School - Support Services	76,900	3,108	80,008	57,795	22,213
Total Summer School	157,180	3,708	160,888	138,011	22,877

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Other Instructional Programs:					
Other Supplemental/At Risk Programs - Instruction:					
Salaries	\$ 5,464	\$ 1,000	\$ 6,464	\$ 6,096	\$ 368
Total Other Supplemental/At Risk Programs - Instruction	5,464	1,000	6,464	6,096	368
Total Other Supplemental/At Risk Programs	5,464	1,000	6,464	6,096	368
Total Other Instructional Programs	162,644	4,708	167,352	144,107	23,245
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	763,603		763,603	671,357	92,246
Tuition to County Vocational Schools - Regular	1,649,850	15,728	1,665,578	1,620,828	44,750
Tuition to County Vocational Schools - Special	55,080	(15,728)	39,352	5,364	33,988
Tuition to Private Schools for the Disabled - Within the State	2,838,599	35,000	2,873,599	2,811,344	62,255
Tuition to Private Schools for the Disabled and Other LEAs - Special - Outside the State	208,181	(83,500)	124,681	69,184	55,497
Tuition - Other	175,033	(134,694)	40,339	2,999	37,340
Total Undistributed Expenditures - Instruction	5,690,346	(183,194)	5,507,152	5,181,076	326,076
Attendance and Social Work Services:					
Salaries	185,210	(10,000)	175,210	173,450	1,760
Supplies and Materials	7,850		7,850	2,529	5,321
Total Attendance and Social Work Services	193,060	(10,000)	183,060	175,979	7,081
Health Services:					
Salaries	413,681	72,475	486,156	485,406	750
Purchased Professional and Technical Services	481,510	4,730	486,240	411,542	74,698
Other Purchased Services (400-500 series)	35,750	(3,750)	32,000	14,462	17,538
Supplies and Materials	5,375	29,027	34,402	33,859	543
Total Health Services	936,316	102,482	1,038,798	945,269	93,529

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	\$ 329,425	\$ 9,700	\$ 339,125	\$ 338,420	\$ 705
Purchased Professional - Educational Services	571,507	21,400	592,907	470,662	122,245
Total Other Support Services - Speech, OT, PT and Related Services	900,932	31,100	932,032	809,082	122,950
Other Support Services - Students - Extraordinary Services:					
Salaries	649,209	240,000	889,209	878,224	10,985
Other Purchased Services (400-500 series)	5,000	3,500	8,500	5,199	3,301
Supplies and Materials	10,000	12,500	22,500	18,736	3,764
Total Other Support Services - Students - Extraordinary Services	664,209	256,000	920,209	902,159	18,050
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	1,641,694	(41,500)	1,600,194	1,597,507	2,687
Salaries of Secretarial and Clerical Assistants	229,345		229,345	225,295	4,050
Other Purchased Services (400-500 series)	136,784	(32,241)	104,543	45,457	59,086
Supplies and Materials	16,303	2,330	18,633	18,130	503
Other Objects	1,670	55	1,725	1,150	575
Total Other Support Services - Students - Guidance	2,025,796	(71,356)	1,954,440	1,887,539	66,901
Other Support Services - Child Study Teams:					
Salaries of Other Professional Staff	1,075,167	116,453	1,191,620	1,191,336	284
Salaries of Secretarial and Clerical Assistants	130,044	3,300	133,344	133,084	260
Other Purchased Services (400-500 series)	30,500	19,061	49,561	44,959	4,602
Supplies and Materials	8,000	39,687	47,687	47,098	589
Total Other Support Services - Child Study Teams	1,243,711	178,501	1,422,212	1,416,477	5,735

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 816,914	\$ (15,000)	\$ 801,914	\$ 794,934	\$ 6,980
Salaries of Secretarial and Clerical Assistants	330,576		330,576	326,787	3,789
Unused Vacation Payment to Terminated/Retired Staff	28,991	7,000	7,000	6,988	12
Other Purchased Services (400-500 series)	1,000	(275)	28,716	27,012	1,704
Supplies and Materials	700	275	1,275	1,213	62
Other Objects			700	339	361
Total Improvement of Instructional Services	1,178,181	(8,000)	1,170,181	1,157,273	12,908
Educational Media Services/School Library:					
Salaries	494,112	1,700	495,812	490,242	5,570
Other Purchased Services (400-500 series)	20,883	(1,817)	19,066	16,609	2,457
Supplies and Materials	93,004	(2,842)	90,162	88,499	1,663
Other Objects	500		500	250	250
Total Educational Media Services/School Library	608,499	(2,959)	605,540	595,600	9,940
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	187,914		187,914	187,211	703
Salaries of Other Professional Staff	12,000	3,850	15,850	9,815	6,035
Salaries of Secretarial and Clerical Assistants	58,336		58,336	57,668	668
Other Salaries	40,000	(1,000)	39,000	19,805	19,195
Other Purchased Services (400-500 series)	14,000	(137)	13,863	259	13,604
Supplies and Materials	6,450	4,350	10,800	6,003	4,797
Other Objects	300		300		300
Total Instructional Staff Training Services	319,000	7,063	326,063	280,761	45,302

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Support Services - General Administration:					
Salaries	\$ 309,592	\$ 14,000	\$ 323,592	\$ 322,432	\$ 1,160
Legal Services	162,000	58,000	220,000	199,470	20,530
Audit Fees	80,000		80,000	80,000	
Architectural/Engineering Services	30,000	(14,000)	16,000	6,343	9,657
Other Purchased Professional Services	12,000	(12,000)			
Communications/Telephone	213,100	47,500	260,600	254,896	5,704
BOE Other Purchased Services	7,000	(5,000)	2,000		2,000
Miscellaneous Purchased Services (400-500 series)	279,000	25,585	304,585	301,316	3,269
General Supplies	10,000	(2,402)	7,598	1,952	5,646
Miscellaneous Expenditures	6,500	1,450	7,950	7,918	32
BOE Membership Dues and Fees	32,000		32,000	28,196	3,804
Total Support Services - General Administration	1,141,192	113,133	1,254,325	1,202,523	51,802
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	1,537,925	(13,804)	1,524,121	1,520,482	3,639
Salaries of Secretarial and Clerical Assistants	599,072	(7,500)	591,572	585,640	5,932
Unused Vacation Payment to Terminated/Retired Staff	4,000	6,932	10,932	9,993	939
Other Purchased Services (400-500 series)	61,433	56	61,489	53,101	8,388
Supplies and Materials	57,925	(5,827)	52,098	30,375	21,723
Other Objects	1,525	138	1,663	1,601	62
Total Support Services - School Administration	2,261,880	(20,005)	2,241,875	2,201,192	40,683

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Central Services:					
Salaries	\$ 968,204	\$ (30,000)	\$ 938,204	\$ 932,884	\$ 5,320
Purchased Professional Services	12,800	8,000	20,800	19,074	1,726
Miscellaneous Purchased Services (400-500 series)	200,475	170,877	371,352	363,828	7,524
Supplies and Materials	38,700	(17,414)	21,286	12,873	8,413
Other Objects	7,900	11,300	19,200	16,260	2,940
Total Central Services	1,228,079	142,763	1,370,842	1,344,919	25,923
Administration Information Technology:					
Salaries	399,526	(15,000)	384,526	377,542	6,984
Unused Vacation Payment to Terminated/Retired Staff		8,000	8,000	7,988	12
Other Purchased Services (400-500 series)	106,750	40,000	146,750	136,651	10,099
Supplies and Materials	79,128		79,128	70,930	8,198
Total Administration Information Technology	585,404	33,000	618,404	593,111	25,293
Required Maintenance for School Facilities:					
Salaries	497,962	(93,040)	404,922	390,190	14,732
Unused Vacation Payment to Terminated/Retired Staff		3,170	3,170	3,168	2
Cleaning, Repair and Maintenance Services	273,500	342,095	615,595	297,573	318,022
General Supplies	176,000	(5,297)	170,703	149,749	20,954
Total Required Maintenance for School Facilities	947,462	246,928	1,194,390	840,680	353,710

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Custodial Services:					
Salaries	\$ 1,450,070	\$ 50,575	\$ 1,500,645	\$ 1,495,049	\$ 5,596
Unused Vacation Payment to Terminated/Retired Staff	5,000	27,000	32,000	31,234	766
Purchased Professional and Technical Services	49,000	(21,350)	49,000	32,558	16,442
Cleaning, Repair and Maintenance Services	311,000	(9,500)	289,650	273,095	16,555
Other Purchased Property Services	91,000	(26,331)	81,500	74,873	6,627
Insurance	330,000	4,500	303,669	303,669	
Miscellaneous Purchased Services	34,900	2,500	39,400	15,139	24,261
General Supplies	206,580	242,000	209,080	207,987	1,093
Energy (Natural Gas)	275,000	96,000	517,000	477,456	39,544
Energy (Electricity)	295,000	(9,325)	391,000	380,709	10,291
Other Objects	19,500		10,175	1,300	8,875
Interest on ESIP	344,150		344,150	344,150	
Principal on ESIP	425,000		425,000	425,000	
Total Custodial Services	3,836,200	356,069	4,192,269	4,062,219	130,050
Care & Upkeep of Grounds:					
Salaries	216,423	4,150	220,573	220,440	133
Cleaning, Repair and Maintenance Services	82,352	(53,798)	28,554	24,102	4,452
Supplies	6,000	13,300	19,300	17,192	2,108
Total Care & Upkeep of Grounds	304,775	(36,348)	268,427	261,734	6,693
Security:					
Salaries	246,708	3,000	249,708	247,585	2,123
Purchased Professional and Technical Services	180,605	10,000	190,605	147,146	43,459
General Supplies	73,200	(70,000)	3,200		3,200
Total Security	500,513	(57,000)	443,513	394,731	48,782

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Non-Instructional Aides	\$ 212,826	\$ 700	\$ 213,526	\$ 213,522	\$ 4
Between Home and School - Regular	2,004,917	(202,250)	1,802,667	1,802,116	551
Between Home and School - Special Education	175,845	49,650	225,495	225,430	65
Other Than Between Home and School	170,000	(82,552)	87,448	30,459	56,989
Unused Vacation Payment to Terminated/Retired Staff		16,763	16,763	16,763	
Other Purchased Professional and Technical Services	7,500	3,307	10,807	3,983	6,824
Cleaning, Repair and Maintenance Services	58,750	(43,000)	15,750	12,122	3,628
Contracted Services:					
Aid in Lieu of Payments - Nonpublic Students	150,000	(54,000)	96,000	69,947	26,053
Aid in Lieu of Payments - Choice Students	2,000	4,000	6,000	3,500	2,500
Between Home and School - Vendors	75,200	(59,000)	16,200	15,720	480
Other Than Between Home and School - Vendors	126,978	(18,950)	108,028	29,132	78,896
Special Education Students - Joint Agreements	40,000	(16,000)	24,000	17,614	6,386
Between Home and School - ESC's and CTSA's	175,000	451,000	626,000	500,072	125,928
Special Education Students - ESC's and CTSA's	1,300,000	27,000	1,327,000	1,238,254	88,746
Miscellaneous Purchased Services	62,644	81,273	143,917	54,308	89,609
General Supplies	18,000		18,000	4,859	13,141
Transportation Supplies	290,000	67,370	357,370	320,076	37,294
Other Objects	6,500		6,500	4,508	1,992
Total Student Transportation Services	4,876,160	225,311	5,101,471	4,562,385	539,086
Allocated Benefits:					
Regular Programs - Instruction:					
Social Security Contributions	174,455	21,907	196,362	196,268	94
Other Retirement Contributions - Regular	73,619		73,619	66,971	6,648
Workmen's Compensation	92,400	(33,220)	59,180	59,180	
Health Benefits	3,674,300	(103,215)	3,571,085	3,557,229	13,856
Tuition Reimbursement	106,861	(55,292)	51,569	47,329	4,240
Other Employee Benefits	192,000	9,650	201,650	155,309	46,341
Unused Sick Payment to Terminated/Retired Staff	85,000	59,000	144,000	143,761	239
Total Allocated Benefits - Regular Programs - Instruction	4,398,635	(101,170)	4,297,465	4,226,047	71,418

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Special Programs - Instruction:					
Social Security Contributions	\$ 77,290	\$ (20,001)	\$ 57,289	\$ 46,751	\$ 10,538
Other Retirement Contributions - PERS	85,891	(18,055)	67,836	32,250	35,586
Workmen's Compensation	4,620		4,620	4,620	
Health Benefits	1,112,085	(277,300)	834,785	802,012	32,773
Tuition Reimbursement	15,200	4,202	19,402	10,640	8,762
Other Employee Benefits	18,000	3,750	21,750	20,000	1,750
Unused Sick Payment to Terminated/Retired Staff	27,000	(17,000)	10,000		10,000
Total Allocated Benefits - Special Programs - Instruction	1,340,086	(324,404)	1,015,682	916,273	99,409
Other Instructional Programs - Instruction:					
Social Security Contributions	178,237	(9,097)	169,140	163,455	5,685
Other Retirement Contributions - PERS	26,723		26,723	16,340	10,383
Workmen's Compensation	4,200		4,200	4,200	
Health Benefits	127,448	(16,000)	111,448	110,789	659
Other Employee Benefits	6,000	2,400	8,400	8,400	
Unused Sick Payment to Terminated/Retired Staff		15,000	15,000		
Total Allocated Benefits - Other Instructional Programs - Instruction	342,608	(7,697)	334,911	318,184	16,727
Attendance and Social Work Services:					
Social Security Contributions	14,168	(2,000)	12,168	11,780	388
Other Retirement Contributions - PERS	15,241	11,298	26,539	26,539	
Workmen's Compensation	6,353		6,353	6,353	
Health Benefits	91,912	13,000	104,912	83,205	21,707
Other Employee Benefits		2,250	2,250		2,250
Total Allocated Benefits - Attendance and Social Work Services	127,674	24,548	152,222	127,877	24,345

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Health Services:					
Social Security Contributions	\$ 3,116	\$ 6,000	\$ 9,116	\$ 8,833	\$ 283
Workmen's Compensation	4,620		4,620	4,620	
Health Benefits	46,240	(7,500)	38,740	37,343	1,397
Other Employee Benefits	3,000		3,000	3,000	
Unused Sick Payment to Terminated/Retired Staff	17,000	(17,000)			
Total Allocated Benefits - Health Services	73,976	(18,500)	55,476	53,796	1,680
Other Support Services - Speech, OT, PT and Related Services:					
Social Security Contributions	998		998	377	621
Workmen's Compensation	1,271		1,271	1,271	
Health Benefits	57,152	(1,420)	55,732	55,732	
Tuition Reimbursement		1,599	1,599	1,599	
Other Employee Benefits		2,250	2,250	2,250	
Total Allocated Benefits - Other Support Services - Speech, OT, PT and Related Services	59,421	2,429	61,850	61,229	621
Other Support Services - Students - Extraordinary Services:					
Social Security Contributions	45,150	18,002	63,152	63,151	1
Other Retirement Contributions - PERS	78,355	58,402	136,757	136,756	1
Health Benefits	480,728	172,500	653,228	632,556	20,672
Other Employee Benefits	6,000	2,500	8,500	8,500	
Unused Sick Payment to Terminated/Retired Staff	15,000	(15,000)			
Total Allocated Benefits - Other Support Services - Students - Extraordinary Services	625,233	236,404	861,637	840,963	20,674

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Other Support Services - Students - Guidance:					
Social Security Contributions	\$ 20,151	\$ 5,034	\$ 25,185	\$ 25,184	\$ 1
Other Retirement Contributions - PERS	17,193	14,724	31,917	31,917	
Workmen's Compensation	7,623		7,623	7,623	
Health Benefits	327,472	16,000	343,472	315,147	28,325
Tuition Reimbursement	939		939		939
Other Employee Benefits	15,000	(2,000)	13,000	12,400	600
Unused Sick Payment to Terminated/Retired Staff	17,000	(17,000)			
Total Allocated Benefits - Other Support Services - Students - Guidance	405,378	16,758	422,136	392,271	29,865
Other Support Services - Child Study Teams:					
Social Security Contributions	15,176		15,176	14,255	921
Other Retirement Contributions - PERS	22,634	(502)	22,132	17,048	5,084
Workmen's Compensation	12,600		12,600	12,600	
Health Benefits	192,620	11,000	203,620	196,446	7,174
Tuition Reimbursement	2,200		2,200	996	1,204
Other Employee Benefits	12,000	20,000	32,000	14,000	18,000
Unused Sick Payment to Terminated/Retired Staff	17,000		17,000	11,284	5,716
Total Allocated Benefits - Other Support Services - Child Study Teams	274,230	30,498	304,728	266,629	38,099
Improvement of Instruction Services:					
Social Security Contributions	25,520	702	26,222	26,222	
Other Retirement Contributions - PERS	26,558	20,135	46,693	46,692	1
Workmen's Compensation	7,623		7,623	7,623	
Health Benefits	141,108	14,400	155,508	151,543	3,965
Tuition Reimbursement	11,000	5,091	16,091	16,090	1
Other Employee Benefits	20,300		20,300	18,499	1,801
Unused Sick Payment to Terminated/Retired Staff		7,500	7,500	7,500	
Total Allocated Benefits - Improvement of Instruction Services	232,109	47,828	279,937	274,169	5,768

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Educational Media Services - School Library:					
Social Security Contributions	\$ 21,099	\$	21,099	\$ 20,063	\$ 1,036
Other Retirement Contributions - PERS	19,337	21,213	40,550	40,549	1
Workmen's Compensation	7,623		7,623	7,623	
Health Benefits	132,292	(5,600)	126,692	125,635	1,057
Other Employee Benefits	3,000		3,000	3,000	
Unused Sick Payment to Terminated/Retired Staff	17,000	(17,000)			
Total Allocated Benefits - Educational Media Services - School Library	200,351	(1,387)	198,964	196,870	2,094
Instructional Staff Training Services:					
Social Security Contributions	8,749		8,749	6,861	1,888
Other Retirement Contributions - PERS	5,499	2,741	8,240	8,240	
Workmen's Compensation	7,623		7,623	7,623	
Health Benefits	31,742		31,742	27,025	4,717
Other Employee Benefits	900		900	900	
Total Allocated Benefits - Instructional Staff Training Services	54,513	2,741	57,254	50,649	6,605
Support Services - General Administration:					
Social Security Contributions	6,231	233	6,464	6,464	
Other Retirement Contributions - PERS	11,000	518	11,518	11,518	
Workmen's Compensation	7,623		7,623	7,623	
Health Benefits	35,324		35,324	31,276	4,048
Tuition Reimbursement	4,000		4,000	4,000	
Other Employee Benefits	8,400		8,400	8,000	400
Total Allocated Benefits - Support Services - General Administration	72,578	751	73,329	64,881	8,448

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Support Services - School Administration:					
Social Security Contributions	\$ 47,023	\$ 1,582	\$ 48,605	\$ 48,604	\$ 1
Other Retirement Contributions - PERS	73,256	11,478	84,734	84,734	
Workmen's Compensation	27,951		27,951	27,951	
Health Benefits	372,136	(58,000)	314,136	306,282	7,854
Tuition Reimbursement	11,000		11,000	4,000	7,000
Other Employee Benefits	17,455	20,745	38,200	37,663	537
Total Allocated Benefits - Support Services - School Administration	548,821	(24,195)	524,626	509,234	15,392
Support Services - Central Services:					
Social Security Contributions	46,168		46,168	41,078	5,090
Other Retirement Contributions - PERS	72,038	11,900	83,938	81,711	2,227
Workmen's Compensation	7,623		7,623	7,623	
Health Benefits	231,200	(23,000)	208,200	204,800	3,400
Tuition Reimbursement	12,000		12,000	8,233	3,767
Other Employee Benefits	7,500	1,235	8,735	8,734	1
Total Allocated Benefits - Support Services - Central Services	376,529	(9,865)	366,664	352,179	14,485
Support Services - Administrative Information Technology:					
Social Security Contributions	32,877	(5,000)	27,877	23,284	4,593
Other Retirement Contributions - PERS	48,696		48,696	43,283	5,413
Workmen's Compensation	7,623		7,623	7,623	
Health Benefits	57,936		57,936	52,226	5,710
Other Employee Benefits	6,000	4,000	10,000	7,373	2,627
Total Allocated Benefits - Support Services - Administrative Information Technology	153,132	(1,000)	152,132	133,789	18,343

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Required Maintenance for School Facilities:					
Social Security Contributions	\$ 39,127	\$	\$ 39,127	\$ 28,494	\$ 10,633
Other Retirement Contributions - PERS	95,164	(23,000)	72,164	50,156	22,008
Workmen's Compensation	5,150		5,150	5,150	
Health Benefits	108,861	7,000	115,861	113,804	2,057
Tuition Reimbursement	7,000		7,000		7,000
Other Employee Benefits	4,600	(1,500)	3,100	3,000	100
Total Allocated Benefits - Required Maintenance for School Facilities	259,902	(17,500)	242,402	200,604	41,798
Custodial Services:					
Social Security Contributions	121,413		121,413	114,911	6,502
Other Retirement Contributions - PERS	154,874	38,419	193,293	191,160	2,133
Workmen's Compensation	96,600		96,600	93,412	3,188
Health Benefits	516,976	(8,000)	508,976	499,044	9,932
Other Employee Benefits	15,000	(3,400)	11,600	8,823	2,777
Unused Sick Payment to Terminated/Retired Staff	15,000	9,000	24,000	24,000	
Total Allocated Benefits - Custodial Services	919,863	36,019	955,882	931,350	24,532
Care and Upkeep of Grounds:					
Social Security Contributions	16,656	1,461	18,117	18,117	
Other Retirement Contributions - PERS	42,661		42,661	29,259	13,402
Workmen's Compensation	1,050		1,050	1,050	
Health Benefits	121,991	(6,000)	115,991	114,414	1,577
Other Employee Benefits	800		800	210	590
Total Allocated Benefits - Care and Upkeep of Grounds	183,158	(4,539)	178,619	163,050	15,569

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Security:					
Social Security Contributions	\$ 17,026		\$ 17,026	\$ 16,193	\$ 833
Other Retirement Contributions - PERS	35,610	\$ 6,480	42,090	42,090	
Workmen's Compensation	1,050		1,050	1,050	
Health Benefits	201,825	(10,000)	191,825	186,320	5,505
Tuition Reimbursement		2,400	2,400	2,241	159
Unused Sick Payment to Terminated/Retired Staff	15,000		15,000	5,000	10,000
Total Allocated Benefits - Security	270,511	(1,120)	269,391	252,894	16,497
Student Transportation Services:					
Social Security Contributions	207,340	(33,000)	174,340	174,186	154
Other Retirement Contributions - PERS	246,001	(55,750)	190,251	190,250	1
Workmen's Compensation	47,250		47,250	47,250	
Health Benefits	1,084,532	(215,000)	869,532	828,837	40,695
Other Employee Benefits	24,600	(5,725)	18,875	18,873	2
Unused Sick Payment to Terminated/Retired Staff	20,000		20,000	13,292	6,708
Total Allocated Benefits - Student Transportation Services	1,629,723	(309,475)	1,320,248	1,272,688	47,560
Total Allocated Benefits	12,548,431	(422,876)	12,125,555	11,605,626	519,929
On-Behalf TPAF Contributions:					
Post-Retirement Medical Benefits (Non-Budgeted)				2,565,992	(2,565,992)
Pension (Non-Budgeted)				10,829,860	(10,829,860)
Non-Contributory Insurance (Non-Budgeted)				152,794	(152,794)
Long-Term Disability Insurance (Non-Budgeted)				3,073	(3,073)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				2,089,305	(2,089,305)
Total On-Behalf Contributions				15,641,024	(15,641,024)
Total Personal Services - Employee Benefits	12,548,431	(422,876)	12,125,555	27,246,650	(15,121,095)
Total Undistributed Expenses	41,990,146	885,320	43,038,110	56,205,466	(13,167,356)
TOTAL GENERAL CURRENT EXPENSE	72,187,138	(69,399)	72,117,739	84,660,203	(12,542,464)

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12	\$ 124,384	\$ 96,058	\$ 220,442	\$ 208,072	\$ 12,370
Undistributed Expenditures:					
Athletics		36,128	36,128	36,128	
Support Services:					
Child Study Teams		29,594	29,594	29,592	2
Educational Media Services/School Library		4,659	4,659	4,659	
School Administration		2,221	2,221	2,221	
Central Services	12,000	(12,000)			
Administrative Information Technology	58,000	(27,386)	30,614	28,624	1,990
Required Maintenance for School Facilities		18,350	18,350	18,119	231
Custodial Services	90,000	18,975	108,975	105,434	3,541
Student Transportation Services:					
Non-Instructional Equipment	3,000	2,000	5,000	4,659	341
School Buses - Regular	410,000	(15,000)	395,000	394,669	331
Total Equipment	697,384	153,599	850,983	832,177	18,806
Facilities Acquisition and Construction Services:					
Other Objects - Debt Service Assessment	183,311		183,311	183,311	
Total Facilities Acquisition and Construction Services	183,311		183,311	183,311	
TOTAL CAPITAL OUTLAY	880,695	153,599	1,034,294	1,015,488	18,806

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
SPECIAL SCHOOLS:					
Summer School - Instruction:					
Salaries of Teachers	\$ 16,395	\$ 6,400	\$ 22,795	\$ 21,883	\$ 912
General Supplies		7,800	7,800	6,795	1,005
Other Objects		500	500	475	25
Total Summer School - Instruction	<u>16,395</u>	<u>14,700</u>	<u>31,095</u>	<u>29,153</u>	<u>1,942</u>
Summer School - Support Services:					
Personal Services - Employee Benefits	1,618	100	1,718	1,674	44
Total Summer School - Support Services	<u>1,618</u>	<u>100</u>	<u>1,718</u>	<u>1,674</u>	<u>44</u>
Total Summer School	<u>18,013</u>	<u>14,800</u>	<u>32,813</u>	<u>30,827</u>	<u>1,986</u>
Accredited Evening/Adult High School - Post-Graduate - Instruction:					
Salaries of Teachers	189,158	1,000	190,158	189,588	570
General Supplies		2,041	2,041	825	1,216
Total Accredited Evening/Adult High School - Post-Graduate - Instruction	<u>189,158</u>	<u>3,041</u>	<u>192,199</u>	<u>190,413</u>	<u>1,786</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
SPECIAL SCHOOLS:					
Accredited Evening/Adult High School - Post-Graduate - Support Services:					
Salaries	\$ 60,641	\$ 959	\$ 61,600	\$ 61,600	
Personal Services - Employee Benefits	54,874	(1,262)	53,612	50,073	\$ 3,539
Other Purchased Services (400-500 series)	2,000	(1,738)	262		262
Total Accredited Evening/Adult High School - Post-Graduate - Support Services	117,515	(2,041)	115,474	111,673	3,801
Total Accredited Evening/Adult High School - Post-Graduate	306,673	1,000	307,673	302,086	5,587
TOTAL SPECIAL SCHOOLS	324,686	15,800	340,486	332,913	7,573
TOTAL EXPENDITURES	73,392,519	100,000	73,492,519	86,008,604	(12,516,085)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(732,800)	(100,000)	(832,800)	3,438,207	4,271,007
OTHER FINANCING USES:					
Transfers In:					
Capital Reserve - Unexpended Project Balances from Capital Projects Fund				1,253,096	1,253,096
Transfers Out:					
Capital Projects Fund - Capital Reserve	(3,900,000)	(162,000)	(4,062,000)	(4,062,000)	
Total Other Financing Uses	(3,900,000)	(162,000)	(4,062,000)	(2,808,904)	1,253,096

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (4,632,800)	\$ (262,000)	\$ (4,894,800)	\$ 629,303	\$ 5,524,103
Fund Balance, July 1	8,367,227		8,367,227	8,367,227	
Fund Balance, June 30	\$ 3,734,427	\$ (262,000)	\$ 3,472,427	\$ 8,996,530	\$ 5,524,103

Recapitulation of Fund Balance at June 30, 2022:

Restricted:	
Capital Reserve	\$ 5,842,528
Maintenance Reserve	255,020
Unemployment Compensation	396,456
Assigned - Designated for Subsequent Year's Expenditures	533,000
Unassigned	1,969,526
Total Fund Balance - Budgetary Basis	8,996,530
Reconciliation to Governmental Fund Statements (GAAP):	
June State Aid Payments not recognized on GAAP Basis	(854,736)
Fund Balance per Governmental Fund on (Exhibit B-2)	\$ 8,141,794

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 6,084	\$ 304,512	\$ 310,596	\$ 304,759	\$ (5,837)
State Sources	309,717	180,835	490,552	479,754	(10,798)
Federal Sources	927,278	2,494,345	3,421,623	2,756,828	(664,795)
Total Revenues	<u>1,243,079</u>	<u>2,979,692</u>	<u>4,222,771</u>	<u>3,541,341</u>	<u>(681,430)</u>
EXPENDITURES:					
Instruction:					
Personal Services - Salaries		105,816	105,816	62,256	43,560
Purchased Professional - Educational Services	167,142	122,270	289,412	283,238	6,174
Purchased Professional - Technical Services	42,269	738	43,007	15,591	27,416
Other Purchased Services	574,569	318,555	893,124	846,624	46,500
General Supplies	53,115	(18,352)	34,763	7,735	27,028
Textbooks	25,316	4,574	29,890	29,702	188
Total Instruction	<u>862,411</u>	<u>533,601</u>	<u>1,396,012</u>	<u>1,245,146</u>	<u>150,866</u>
Support Services:					
Personal Services - Salaries	104,898	181,683	286,581	151,155	135,426
Personal Services - Employee Benefits	63,077	29,730	92,807	77,716	15,091
Purchased Professional - Educational Services		3,700	3,700	3,700	
Other Purchased Professional - Technical Services		512,572	512,572	145,306	367,266
Cleaning, Repair and Maintenance Services			28,510	28,510	
Other Purchased Services	12,369	1,504,487	1,516,856	1,506,986	9,870
Supplies and Materials	200,324	(119,350)	80,974	78,063	2,911
Scholarships Awarded		20,429	20,429	19,850	579
Student Activities		284,330	284,330	252,055	32,275
Total Support Services	<u>380,668</u>	<u>2,417,581</u>	<u>2,826,759</u>	<u>2,263,341</u>	<u>563,418</u>
Total Expenditures	<u>1,243,079</u>	<u>2,951,182</u>	<u>4,222,771</u>	<u>3,508,487</u>	<u>714,284</u>
Excess of Revenues Over Expenditures	<u>\$ - 0 -</u>	<u>\$ 28,510</u>	<u>\$ - 0 -</u>	<u>\$ 32,854</u>	<u>\$ 32,854</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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	\$ 89,446,811	\$ 3,541,341
Difference - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue whereas the GAAP Basis Does Not:		
Current Year Encumbrances		(893,583)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	790,315	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(854,736)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 89,382,390	\$ 2,647,758
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 86,008,604	\$ 3,508,487
Differences - Budgetary to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for GAAP Reporting Purposes.		
Current Year Encumbrances		(893,583)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 86,008,604	\$ 2,614,904

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budget 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. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

MORRIS HILLS REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 except for student activities and scholarships. 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 June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Elementary and Secondary Education Act					IDEA Part B, Basic
	ACRSERS	Title I	Title II, Part A	Title III	Title IV	
REVENUE:						
Local Sources						
State Sources						
Federal Sources	\$ 36,240	\$ 204,863	\$ 43,755	\$ 13,390	\$ 12,303	\$ 585,597
Total Revenue	36,240	204,863	43,755	13,390	12,303	585,597
EXPENDITURES:						
Instruction:						
Personal Services - Salaries		5,887				
Purchased Professional - Educational Services					12,303	540,919
Purchased Professional - Technical Services	36,240					
Other Purchased Services		1,230		5,096		
General Supplies						
Textbooks						
Total Instruction	36,240	10,405		5,096	12,303	540,919
Support Services:						
Personal Services - Salaries		105,658	35,991	6,954		
Personal Services - Employee Benefits		70,127	2,627	518		
Purchased Professional - Educational Services		3,700				
Other Purchased Professional and Technical Services			5,137			44,678
Cleaning, Repair and Maintenance Services				822		
Other Purchased Services		14,973				
Supplies and Materials						
Scholarships Awarded						
Student Activities						
Total Support Services		194,458	43,755	8,294		44,678
Total Expenditures	\$ 36,240	\$ 204,863	\$ 43,755	\$ 13,390	\$ 12,303	\$ 585,597

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

		COVID-19 ARP					
		ESSER III	Accelerated Learning Coaching and Educator Support	Evidence-Based Comprehensive Beyond the School Day Activities	ESSER II	COVID-19 CRRSA Learning Acceleration	Mental Health
REVENUE:	IDEA Part B, Basic ARP						
Local Sources			593	12,282	552,449	16,283	36,745
State Sources		1,096,362	\$ 593	\$ 12,282	\$ 552,449	\$ 16,283	\$ 36,745
Federal Sources							
Total Revenue		1,096,362	593	12,282	552,449	16,283	36,745
EXPENDITURES:							
Instruction:							
Personal Services - Salaries		29,286		11,439		14,581	
Purchased Professional - Educational Services							
Purchased Professional - Technical Services							
Other Purchased Services		153,500					
General Supplies		1,409					
Textbooks							
Total Instruction		184,195		11,439		14,581	
Support Services:							
Personal Services - Salaries		170				556	1,826
Personal Services - Employee Benefits		2,236		843		1,146	138
Purchased Professional - Educational Services							
Other Purchased Professional and Technical Services		64,000					30,000
Cleaning, Repair and Maintenance Services							
Other Purchased Services		845,761	593		552,449		201
Supplies and Materials							4,580
Scholarships Awarded							
Student Activities							
Total Support Services		912,167	593	843	552,449	1,702	36,745
Total Expenditures		1,096,362	\$ 593	\$ 12,282	\$ 552,449	\$ 16,283	\$ 36,745

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	SDA Emergent and Capital Maintenance Needs Grant	NJ Nonpublic			
		Auxiliary Services (Chapter 192) Home Instruction	Compensatory Education	Corrective Speech	Handicapped Services (Chapter 193) Examination & Supplementary Classification Instruction
REVENUE:					
Local Sources					
State Sources	\$ 75,865	\$ 1,144	\$ 88,326	\$ 744	\$ 68,642
Federal Sources					\$ 70,045
Total Revenue	\$ 28,510	\$ 1,144	\$ 88,326	\$ 744	\$ 70,045
EXPENDITURES:					
Instruction:					
Personal Services - Salaries		1,063			
Purchased Professional - Educational Services			88,326	744	68,642
Purchased Professional - Technical Services					70,045
Other Purchased Services					
General Supplies					
Textbooks					
Total Instruction		1,063	88,326	744	68,642
Support Services:					
Personal Services - Salaries					
Personal Services - Employee Benefits		81			
Purchased Professional - Educational Services					
Other Purchased Professional and Technical Services					
Cleaning, Repair and Maintenance Services	28,510				
Other Purchased Services			75,865		
Supplies and Materials					
Scholarships Awarded					
Student Activities					
Total Support Services	28,510	81			
Total Expenditures	\$ 28,510	\$ 1,144	\$ 88,326	\$ 744	\$ 68,642
					\$ 70,045

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	NJ Nonpublic					Totals June 30, 2022
	Textbooks	Nursing	Security Aid	Technology	Student Activities	
REVENUE:						
Local Sources						
State Sources	\$ 29,702	\$ 55,481	\$ 68,971	\$ 20,834	\$ 284,330	\$ 304,759
Federal Sources						479,754
Total Revenue	29,702	55,481	68,971	20,834	284,330	2,756,828
EXPENDITURES:						
Instruction:						
Personal Services - Salaries						62,256
Purchased Professional - Educational Services						283,238
Purchased Professional - Technical Services		55,481				15,591
Other Purchased Services						846,624
General Supplies						7,735
Textbooks	29,702					29,702
Total Instruction	29,702	55,481				1,245,146
Support Services:						
Personal Services - Salaries						151,155
Personal Services - Employee Benefits						77,716
Purchased Professional - Educational Services						3,700
Other Purchased Professional - Technical Services						145,306
Cleaning, Repair and Maintenance Services						28,510
Other Purchased Services			31,295			1,506,986
Supplies and Materials			37,676	20,834		78,063
Scholarships Awarded						19,850
Student Activities					252,055	252,055
Total Support Services			68,971	20,834	252,055	2,263,341
Total Expenditures	\$ 29,702	\$ 55,481	\$ 68,971	\$ 20,834	\$ 252,055	\$ 3,508,487

CAPITAL PROJECTS FUND

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Revenue and Other Financing Sources:	
Transfer from Capital Reserve	\$ 4,062,000
Interest Revenue	12,787
	<hr/>
Total Revenue and Other Financing Sources	4,074,787
	<hr/>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	286,060
Construction Services	2,338,411
Transfers Out:	
General Fund - Unexpended Project Balances - Capital Reserve	1,253,096
Debt Service Fund - Interest Earned	12,787
	<hr/>
Total Expenditures and Other Financing Uses	3,890,354
	<hr/>
Excess/(Deficiency) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	184,433
	<hr/>
Fund Balance - Beginning	2,565,029
	<hr/>
Fund Balance - Ending	\$ 2,749,462
	<hr/> <hr/>
<u>Recapitulation of Fund Balance at June 30, 2022:</u>	
Committed Fund Balance	\$ 1,501,047
Committed Fund Balance - Year-End Encumbrances	1,248,415
	<hr/>
Committed Fund Balance per Governmental Funds (Budgetary/GAAP Basis)	\$ 2,749,462
	<hr/> <hr/>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS AND MORRIS KNOLLS HIGH SCHOOLS -
ENERGY SAVINGS IMPROVEMENT PLAN (ESIP)
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Project</u> <u>Authorization</u>
Revenue and Other Financing Sources:				
ESIP Bond Proceeds and Transfers	\$ 8,230,000		\$ 8,230,000	\$ 8,230,000
Premium on ESIP Bonds	927,177		927,177	927,177
Interest on ESIP Bonds	26,641		26,641	26,641
Transfer from Capital Reserve	750,000		750,000	750,000
	<u>9,933,818</u>	<u>\$ - 0 -</u>	<u>9,933,818</u>	<u>9,933,818</u>
Total Revenue and Other Financing Sources				
Expenditures:				
Purchased Professional and Technical Services	641,402		641,402	652,645
Construction Services	9,029,399		9,029,399	9,281,173
	<u>9,670,801</u>	<u>- 0 -</u>	<u>9,670,801</u>	<u>9,933,818</u>
Total Expenditures				
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 263,017</u>	<u>\$ - 0 -</u>	<u>\$ 263,017</u>	<u>\$ - 0 -</u>
Additional Project Information:				
Project Number(s)	Not Applicable			
Grant Date	Not Applicable			
Bond Authorization Date	January 2019			
Bonds Authorized	\$ 8,230,000			
Bonds Issued	\$ 8,230,000			
Original Authorized Cost	\$ 9,157,177			
Additional Authorization	\$ 776,641			
Change Orders	<u>\$ - 0 -</u>			
Revised Authorized Cost	<u>\$ 9,933,818</u>			
Change Order Percentage	0.00%			
Percentage Completion	97.35%			
Original Target Completion Date	December 2020			
Revised Target Completion Date	January 2023			

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS AND MORRIS KNOLLS HIGH SCHOOLS - HVAC UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 659,000	\$ 1,500,000	\$ 2,159,000	\$ 2,159,000
Total Revenue and Other Financing Sources	<u>659,000</u>	<u>1,500,000</u>	<u>2,159,000</u>	<u>2,159,000</u>
Expenditures:				
Purchased Professional and Technical Services	62,075	235,963	298,038	411,500
Construction Services	<u>284,032</u>	<u>644,011</u>	<u>928,043</u>	<u>1,747,500</u>
Total Expenditures	<u>346,107</u>	<u>879,974</u>	<u>1,226,081</u>	<u>2,159,000</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 312,893</u>	<u>\$ 620,026</u>	<u>\$ 932,919</u>	<u>\$ - 0 -</u>
Additional Project Information:				
Project Number(s)	Not Applicable			
Grant Date	Not Applicable			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 659,000			
Additional Authorization	\$ 1,500,000			
Change Orders	<u>\$ - 0 -</u>			
Revised Authorized Cost	<u>\$ 2,159,000</u>			
Change Order Percentage	0.00%			
Percentage Completion	56.79%			
Original Target Completion Date	December 2023			

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS AND MORRIS KNOLLS HIGH SCHOOLS - FIRE ALARM REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 1,052,813	\$ 21,579	\$ 1,074,392	\$ 1,074,392
Total Revenue and Other Financing Sources	<u>1,052,813</u>	<u>21,579</u>	<u>1,074,392</u>	<u>1,074,392</u>
Expenditures:				
Purchased Professional and Technical Services	76,221	34,254	110,475	112,892
Construction Services	<u>601,516</u>	<u>270,729</u>	<u>872,245</u>	<u>961,500</u>
Total Expenditures	<u>677,737</u>	<u>304,983</u>	<u>982,720</u>	<u>1,074,392</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 375,076</u>	<u>\$ (283,404)</u>	<u>\$ 91,672</u>	<u>\$ - 0 -</u>
Additional Project Information:				
Project Number		Not Applicable		
Grant Date		Not Applicable		
Bond Authorization Date		Not Applicable		
Bonds Authorized		Not Applicable		
Bonds Issued		Not Applicable		
Original Authorized Cost		\$ 1,052,813		
Additional Authorization		\$ 1,260,000		
Change Orders		\$ - 0 -		
Transfers		\$ (100,000)		
Unexpended Balance - Returned to Capital Reserve		<u>\$ (1,138,421)</u>		
Revised Authorized Cost		<u>\$ 1,074,392</u>		
Change Order Percentage		0.00%		
Percentage Completion		91.47%		
Original Target Completion Date		June 2022		
Revised Target Completion Date		December 2022		

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS AND MORRIS KNOLLS HIGH SCHOOLS - SECURE VESTIBULES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 1,193,545		\$ 1,193,545	\$ 1,193,545
Total Revenue and Other Financing Sources	<u>1,193,545</u>	<u>\$ - 0 -</u>	<u>1,193,545</u>	<u>1,193,545</u>
Expenditures:				
Purchased Professional and Technical Services	45,665	13,068	58,733	78,676
Construction Services		99,370	99,370	1,114,869
Total Expenditures	<u>45,665</u>	<u>112,438</u>	<u>158,103</u>	<u>1,193,545</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 1,147,880</u>	<u>\$ (112,438)</u>	<u>\$ 1,035,442</u>	<u>\$ - 0 -</u>
Additional Project Information:				
Project Number	Not Applicable			
Grant Date	Not Applicable			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 1,193,545			
Change Orders	<u>\$ - 0 -</u>			
Revised Authorized Cost	<u>\$ 1,193,545</u>			
Change Order Percentage	0.00%			
Percentage Completion	13.25%			
Original Target Completion Date	June 2023			

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS HIGH SCHOOL - LIBRARY RENOVATION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 450,000		\$ 450,000	\$ 450,000
Total Revenue and Other Financing Sources	<u>450,000</u>	<u>\$ - 0 -</u>	<u>450,000</u>	<u>450,000</u>
Expenditures:				
Purchased Professional and Technical Services	20,813	2,775	23,588	60,000
Construction Services				<u>390,000</u>
Total Expenditures	<u>20,813</u>	<u>2,775</u>	<u>23,588</u>	<u>450,000</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 429,187</u>	<u>\$ (2,775)</u>	<u>\$ 426,412</u>	<u>\$ - 0 -</u>
Additional Project Information:				
Project Number	Not Applicable			
Grant Date	Not Applicable			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 450,000			
Change Orders	<u>\$ - 0 -</u>			
Revised Authorized Cost	<u>\$ 450,000</u>			
Change Order Percentage	0.00%			
Percentage Completion	5.24%			
Original Target Completion Date	June 2023			

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS KNOLLS HIGH SCHOOL - BLACK BOX THEATER
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 767,156	\$ (9,228)	\$ 757,928	\$ 757,928
Total Revenue and Other Financing Sources	767,156	(9,228)	757,928	757,928
Expenditures:				
Purchased Professional and Technical Services	38,012		38,012	38,012
Construction Services	692,168	27,748	719,916	719,916
Total Expenditures	730,180	27,748	757,928	757,928
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 36,976	\$ (36,976)	\$ - 0 -	\$ - 0 -
Additional Project Information:				
Project Number	Not Applicable			
Grant Date	Not Applicable			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 242,495			
Additional Authorization	\$ 506,105			
Transfers	\$ 18,556			
Change Orders	\$ - 0 -			
Unexpended Balance - Returned to Capital Reserve	\$ (9,228)			
Revised Authorized Cost	\$ 757,928			
Change Order Percentage	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	September 2020			
Revised Target Completion Date	December 2021			

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS AND MORRIS KNOLLS HIGH SCHOOLS -
FLOORING ABATEMENTS AND CEILING/LIGHTING UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Project</u> <u>Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 199,921	\$ 199,921	\$ 199,921
Total Revenue and Other Financing Sources	\$ - 0 -	199,921	199,921	199,921
Expenditures:				
Construction Services		199,921	199,921	199,921
Total Expenditures		199,921	199,921	199,921
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
Additional Project Information:				
Project Number(s)	Not Applicable			
Grant Date	Not Applicable			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 300,000			
Additional Authorization	\$ - 0 -			
Change Orders	\$ - 0 -			
Transfers	\$ (300)			
Unexpended Balance - Returned to Capital Reserve	<u>\$ (99,779)</u>			
Revised Authorized Cost	<u>\$ 199,921</u>			
Change Order Percentage	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	June 2022			

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS HIGH SCHOOL - MILLING AND PAVING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 1,001,233	\$ 1,001,233	\$ 1,001,233
Total Revenue and Other Financing Sources	\$ - 0 -	1,001,233	1,001,233	1,001,233
Expenditures:				
Construction Services		1,001,233	1,001,233	1,001,233
Total Expenditures		1,001,233	1,001,233	1,001,233
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number(s)	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 900,000
Change Orders	\$ - 0 -
Transfers	\$ 106,901
Unexpended Balance - Returned to Capital Reserve	<u>\$ (5,668)</u>
Revised Authorized Cost	<u>\$ 1,001,233</u>
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 2022

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS KNOLLS HIGH SCHOOL - FIELD REFURBISHMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 95,399	\$ 95,399	\$ 95,399
Total Revenue and Other Financing Sources	\$ - 0 -	95,399	95,399	95,399
Expenditures:				
Construction Services		95,399	95,399	95,399
Total Expenditures		95,399	95,399	95,399
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
Additional Project Information:				
Project Number(s)	Not Applicable			
Grant Date	Not Applicable			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 102,000			
Change Orders	\$ - 0 -			
Transfers	<u>\$ (6,601)</u>			
Revised Authorized Cost	<u>\$ 95,399</u>			
Change Order Percentage	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	June 2022			

PROPRIETARY FUNDS

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	Business-Type Activities - Enterprise Funds			
	Major Funds			Total Enterprise Funds
	Food Service	Academy for Technology	Shared Services	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 394,357	\$ 6,619		\$ 400,976
Receivable from:				
Federal Government	89,006			89,006
State Government	1,546			1,546
Other Governments	8,076		\$ 1,082	9,158
Inventories	11,584			11,584
Total Current Assets	504,569	6,619	1,082	512,270
Non-Current Assets:				
Capital Assets	785,595	1,002,113		1,787,708
Less: Accumulated Depreciation	(373,409)	(649,812)		(1,023,221)
Total Non-Current Assets	412,186	352,301		764,487
Total Assets	916,755	358,920	1,082	1,276,757
LIABILITIES:				
Current Liabilities:				
Interfund Payable - General Fund			1,082	1,082
Accounts Payable	67,734			67,734
Unearned Revenue - Prepaid Sales	39,771			39,771
Total Current Liabilities	107,505		1,082	108,587
Total Liabilities	107,505		1,082	108,587
NET POSITION:				
Investment in Capital Assets	412,186	352,301		764,487
Unrestricted	397,064	6,619		403,683
Total Net Position	\$ 809,250	\$ 358,920	\$ - 0 -	\$1,168,170

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Total Enterprise Funds</u>
	<u>Major Funds</u>			
	<u>Food Service</u>	<u>Academy for Technology</u>	<u>Shared Services</u>	
Operating Revenue:				
Charges for Services:				
Daily Sales - Reimbursable				
Non-Reimbursable Programs	\$ 71,312			\$ 71,312
Total Daily Sales	71,312			71,312
Special Events	88,176			88,176
Satellite Sales	34,799			34,799
Tuition		\$ 2,726,796		2,726,796
Service Fees			\$ 1,155,800	1,155,800
Total Operating Revenue	<u>194,287</u>	<u>2,726,796</u>	<u>1,155,800</u>	<u>4,076,883</u>
Operating Expenses:				
Cost of Sales:				
Reimbursable	893,692			893,692
Non-Reimbursable	88,387			88,387
Total Cost of Sales	<u>982,079</u>			<u>982,079</u>
Salaries	498,615	1,919,401	739,757	3,157,773
Payroll Taxes	72,782			72,782
Employee Benefits	28,302	325,355	284,305	637,962
Purchased Professional/Educational Services		39,419	106,600	146,019
Other Purchased Services	21,859	386,113	3,054	411,026
Purchased Property Services	176,785			176,785
Supplies and Materials	121,797	56,508	22,084	200,389
Depreciation Expense	24,995	19,572		44,567
Total Operating Expenses	<u>1,927,214</u>	<u>2,746,368</u>	<u>1,155,800</u>	<u>5,829,382</u>
Operating Income/(Loss)	<u>(1,732,927)</u>	<u>(19,572)</u>		<u>(1,752,499)</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds			
	Major Funds			Total Enterprise Funds
	Food Service	Academy for Technology	Shared Services	
Non-Operating Revenue:				
Federal Sources:				
COVID-19 Seamless Summer Option:				
School Breakfast Program	\$ 304,960			\$ 304,960
National School Lunch Program	1,523,893			1,523,893
COVID-19:				
Pandemic EBT Food Benefits	1,242			1,242
Emergency Operational Cost Program	25,740			25,740
Food Distribution Program	60,208			60,208
State Sources:				
COVID-19 Seamless Summer Option:				
School Lunch Program	35,882			35,882
Total Non-Operating Revenue	1,951,925			1,951,925
Change in Net Position	218,998	\$ (19,572)	\$ - 0 -	199,426
Net Position - Beginning of Year	590,252	378,492	- 0 -	968,744
Net Position - End of Year	\$ 809,250	\$ 358,920	\$ - 0 -	\$ 1,168,170

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds			
	Major Funds			Total Enterprise Funds
	Food Service	Academy for Technology	Shared Services	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 174,248	\$ 3,380,688	\$ 1,336,069	\$ 4,891,005
Payments to Employees	(26,066)	(1,919,401)	(739,757)	(2,685,224)
Payments to Food Service Vendor	(1,742,065)			(1,742,065)
Payments to Suppliers	(38,198)	(1,461,287)	(611,956)	(2,111,441)
Net Cash Provided by/(Used for) Operating Activities	(1,632,081)	- 0 -	(15,644)	(1,647,725)
Cash Flows from Noncapital and Related Financing Activities:				
Federal Subsidy Reimbursements	1,769,028			1,769,028
Federal Pandemic EBT Food Benefits	1,242			1,242
Federal Emergency Operational Cost Program	25,740			25,740
State Subsidy Reimbursements	35,701			35,701
Net Cash Provided by Noncapital and Related Financing Activities	1,831,711			1,831,711
Cash Flows from Capital and Related Financing Activities:				
Purchase of Capital Assets	(39,094)			(39,094)
Net Cash Used for Capital and Related Financing Activities	(39,094)			(39,094)
Net Increase/(Decrease) in Cash and Cash Equivalents	160,536	- 0 -	(15,644)	144,892
Cash and Cash Equivalents, July 1	233,821	6,619	15,644	256,084
Cash and Cash Equivalents, June 30	\$ 394,357	\$ 6,619	\$ - 0 -	\$ 400,976
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Operating (Loss)	\$ (1,732,927)	\$ (19,572)	\$ - 0 -	\$ (1,752,499)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Depreciation	24,995	19,572		44,567
Federal Food Distribution Program	60,208			60,208
Changes in Assets and Liabilities:				
(Increase)/Decrease in Receivables:				
Tuition		653,892		653,892
Other	(4,264)		180,269	176,005
Increase in Inventory	(2,364)			(2,364)
Increase/(Decrease) in Accounts Payable	38,046		(887)	37,159
Decrease in Interfund Payable		(653,892)	(195,026)	(848,918)
Decrease in Unearned Revenue - Prepaid Sales	(15,775)			(15,775)
Net Cash Provided by/(Used for) Operating Activities	\$ (1,632,081)	\$ - 0 -	\$ (15,644)	\$ (1,647,725)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$60,208 for the fiscal year ended June 30, 2022.

**FIDUCIARY ACTIVITIES
(NOT APPLICABLE)**

LONG-TERM DEBT

MORRIS HILLS REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds				Matured	Balance June 30, 2021	Balance June 30, 2022
			Date	Amount	Interest Rate	Outstanding June 30, 2022			
Refunding Bonds	03/28/12	\$ 28,230,000	10/01/22	\$ 1,810,000	4.00%	\$ 1,740,000	\$ 3,550,000	\$ 1,810,000	
Refunding Bonds	07/16/20	17,615,000	10/01/22	405,000	0.616%				
			10/01/23	2,260,000	0.692%				
			10/01/24	2,275,000	0.893%				
			10/01/25	2,300,000	1.033%				
			10/01/26	2,325,000	1.286%				
			10/01/27	2,360,000	1.396%				
			10/01/28	2,390,000	1.562%				
			10/01/29	2,425,000	1.662%	405,000	17,145,000	16,740,000	
							<u>\$ 20,695,000</u>	<u>\$ 18,550,000</u>	

MORRIS HILLS REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF ENERGY SAVINGS IMPROVEMENT PLAN (ESIP) BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2021	Matured	Balance June 30, 2022
			Date	Amount				
ESIP	04/03/19	\$ 8,230,000	07/15/22	\$ 470,000	4.00%			
			07/15/23	285,000	4.00%			
			07/15/24	295,000	5.00%			
			07/15/25	250,000	5.00%			
			07/15/26	280,000	5.00%			
			07/15/27	305,000	5.00%			
			07/15/28	330,000	4.00%			
			07/15/29	360,000	4.00%			
			07/15/30	390,000	4.00%			
			07/15/31	415,000	4.00%			
			07/15/32	450,000	4.00%			
			07/15/33	480,000	4.00%			
			07/15/34	515,000	4.00%			
			07/15/35	465,000	4.00%			
			07/15/36	500,000	5.00%			
			07/15/37	540,000	5.00%			
			07/15/38	585,000	5.00%			
			07/15/39	630,000	5.00%			
						\$ 7,970,000	\$ 425,000	\$ 7,545,000

MORRIS HILLS REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOT APPLICABLE

MORRIS HILLS REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOT APPLICABLE

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,430,894		\$ 2,430,894	\$ 2,430,894	
Total Revenues	2,430,894		2,430,894	2,430,894	
EXPENDITURES:					
Regular Debt Service:					
Interest	310,894		310,894	310,894	
Redemption of Principal	2,145,000		2,145,000	2,145,000	
Total Regular Debt Service	2,455,894		2,455,894	2,455,894	
Total Expenditures	2,455,894		2,455,894	2,455,894	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(25,000)		(25,000)	(25,000)	
Other Financing Sources/(Uses):					
Transfers In - Capital Projects Fund:					
Interest Earned				12,787	\$ 12,787
Total Other Financing Sources/(Uses)				12,787	12,787
Excess/(Deficiency) of Revenues and Other Financing Sources/(Uses) Over/(Under) Expenditures	(25,000)		(25,000)	(12,213)	12,787
Fund Balance, July 1	189,332		189,332	189,332	- 0 -
Fund Balance, June 30	<u>\$ 164,332</u>	<u>\$ - 0 -</u>	<u>\$ 164,332</u>	<u>\$ 177,119</u>	<u>\$ 12,787</u>

Recapitulation of Fund Balance at June 30, 2022:

Restricted for Subsequent Year's Expenditures	\$ 170,000
Restricted	7,119
	<u>\$ 177,119</u>

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

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 Annual Comprehensive Financial Report for the relevant year.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	June 30,				
	2013	2014	2015	2016	2017
Governmental Activities:					
Net Investment in Capital Assets	\$ 5,492,259	\$ 7,201,834	\$ 10,597,240	\$ 13,322,185	\$ 14,959,542
Restricted	4,228,046	1,652,071	2,356,403	3,573,668	2,577,638
Unrestricted (Deficit)	(68,613)	(17,081,850)	(20,043,359)	(17,414,636)	(20,765,544)
Total Governmental Activities					
Net Position (Deficit)	<u>\$ 9,651,692</u>	<u>\$ (8,227,945)</u>	<u>\$ (7,089,716)</u>	<u>\$ (518,783)</u>	<u>\$ (3,228,364)</u>
Business-type Activities:					
Investment in Capital Assets	\$ 562,991	\$ 563,852	\$ 576,583	\$ 602,675	\$ 668,114
Unrestricted	150,288	221,701	306,380	266,550	248,898
Total Business-type Activities					
Net Position	<u>\$ 713,279</u>	<u>\$ 785,553</u>	<u>\$ 882,963</u>	<u>\$ 869,225</u>	<u>\$ 917,012</u>
District-wide:					
Net Investment in Capital Assets	\$ 6,055,250	\$ 7,765,686	\$ 11,173,823	\$ 13,924,860	\$ 15,627,656
Restricted	4,228,046	1,652,071	2,356,403	3,573,668	2,577,638
Unrestricted (Deficit)	81,675	(16,860,149)	(19,736,979)	(17,148,086)	(20,516,646)
Total District-wide Net Position (Deficit)	<u>\$ 10,364,971</u>	<u>\$ (7,442,392)</u>	<u>\$ (6,206,753)</u>	<u>\$ 350,442</u>	<u>\$ (2,311,352)</u>

	June 30,				
	2018	2019	2020	(Restated) 2021	2022
Governmental Activities:					
Net Investment in Capital Assets	\$ 17,702,520	\$ 13,374,986	\$ 22,992,570	\$ 27,105,052	\$ 29,611,536
Restricted	4,198,009	4,360,038	6,348,874	6,511,705	7,319,978
Unrestricted (Deficit)	(24,107,015)	(15,626,751)	(22,584,917)	(21,700,206)	(19,053,595)
Total Governmental Activities					
Net Position (Deficit)	<u>\$ (2,206,486)</u>	<u>\$ 2,108,273</u>	<u>\$ 6,756,527</u>	<u>\$ 11,916,551</u>	<u>\$ 17,877,919</u>
Business-type Activities:					
Investment in Capital Assets	\$ 710,215	\$ 721,067	\$ 686,527	\$ 769,960	\$ 764,487
Unrestricted	260,957	308,798	357,157	198,784	403,683
Total Business-type Activities					
Net Position	<u>\$ 971,172</u>	<u>\$ 1,029,865</u>	<u>\$ 1,043,684</u>	<u>\$ 968,744</u>	<u>\$ 1,168,170</u>
District-wide:					
Net Investment in Capital Assets	\$ 18,412,735	\$ 14,096,053	\$ 23,679,097	\$ 27,875,012	\$ 30,376,023
Restricted	4,198,009	4,360,038	6,348,874	6,511,705	7,319,978
Unrestricted (Deficit)	(23,846,058)	(15,317,953)	(22,227,760)	(21,501,422)	(18,649,912)
Total District-wide Net Position (Deficit)	<u>\$ (1,235,314)</u>	<u>\$ 3,138,138</u>	<u>\$ 7,800,211</u>	<u>\$ 12,885,295</u>	<u>\$ 19,046,089</u>

Source: Morris Hills Regional School District Financial Reports.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 25,253,267	\$ 25,898,711	\$ 29,949,751	\$ 31,973,788	\$ 37,018,549	\$ 37,441,788	\$ 34,618,354	\$ 32,729,696	\$ 33,071,300	\$ 32,555,760
Special Education	4,507,524	4,691,075	5,359,840	5,524,463	6,328,897	6,942,610	6,680,264	6,998,361	6,956,260	6,134,877
Other Special Instruction	723,961	752,932	935,752	935,440	1,154,988	1,105,403	348,014	371,392	384,320	366,250
School-Sponsored Other Instruction	3,208,689	3,250,058	3,818,728	4,089,715	4,580,034	4,643,699	4,355,763	4,007,556	4,079,200	3,979,506
Support Services:										
Tuition	4,863,423	5,502,348	5,155,195	4,996,386	5,492,215	5,654,973	4,916,322	4,996,804	5,721,003	5,181,076
Student & Instruction Related Services	8,473,224	8,775,143	10,150,640	10,919,707	12,491,731	12,756,070	12,364,467	12,094,105	13,318,329	14,353,846
General Administration Services	978,211	985,538	997,602	967,219	1,903,553	1,939,439	1,565,177	1,621,108	1,686,900	1,759,543
School Administration Services	2,925,465	2,810,914	3,154,101	3,311,209	3,795,506	3,672,535	3,702,636	3,724,617	3,633,615	3,374,884
Central Services	1,216,783	1,226,266	1,274,972	1,141,510	1,455,283	1,286,315	1,400,474	1,668,513	1,474,512	1,651,873
Administrative Information Technology	617,062	545,629	707,388	698,091	964,766	879,762	880,448	932,828	633,713	701,670
Plant Operations and Maintenance	5,970,683	6,012,276	5,182,146	5,392,773	5,627,322	5,763,813	5,730,133	6,225,422	6,592,113	6,777,563
Pupil Transportation	4,375,236	4,567,508	4,760,225	4,963,127	5,327,176	5,789,216	5,685,945	5,729,894	5,620,683	5,919,918
Special Schools	450,443	467,116	555,695	640,370	621,651	612,908	440,003	406,686	422,391	417,481
Interest on Long-term Debt	1,271,775	1,148,334	1,096,240	1,086,027	1,021,722	969,472	994,303	850,382	536,947	342,379
Unallocated Depreciation	2,447,833	2,350,839	2,355,536	2,352,091	2,828,487	2,596,576	2,567,551	2,567,551	2,567,551	2,567,551
Total Governmental Activities Expenses	67,283,579	68,984,687	75,453,811	78,991,916	90,611,680	92,054,579	86,249,854	84,924,915	86,699,037	86,084,177
Business-type Activities:										
Food Service	898,184	841,724	1,039,193	1,220,669	1,322,694	1,420,996	1,516,447	1,205,732	339,038	1,927,214
Academy for Technology	1,137,372	1,137,372	1,137,373	1,137,372	1,137,372	1,137,372	1,579,040	2,012,172	2,578,650	2,746,368
Adult Continuing Education	152,500	130,007	160,274	83,718	62,568	35,708				
Shared Services	1,083,415	1,164,571	1,271,496	1,249,402	1,326,921	1,275,740	1,294,678	1,331,185	1,357,321	1,155,800
Total Business-type Activities Expenses	3,271,471	3,273,674	3,608,336	3,691,161	3,849,555	3,869,816	4,390,165	4,549,089	4,275,009	5,829,382
Total District-wide Expenses	\$ 70,555,050	\$ 72,258,361	\$ 79,062,147	\$ 82,683,077	\$ 94,461,235	\$ 95,924,395	\$ 90,640,019	\$ 89,474,004	\$ 90,974,046	\$ 91,913,559

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Student & Instruction Related Services									\$	\$
Operating Grants and Contributions	\$ 8,980,849	\$ 8,499,818	\$ 15,142,605	\$ 18,030,698	\$ 23,883,730	\$ 25,856,392	\$ 21,125,790	\$ 19,003,504	\$ 21,487,429	\$ 304,759
Capital Grants and Contributions			11,321			1,257,269	688,691	545,940		20,412,519
Total Governmental Activities Program Revenues	8,980,849	8,499,818	15,153,926	18,030,698	23,883,730	27,113,661	21,814,481	19,549,444	21,614,238	20,717,278
Business-type Activities:										
Charges for Services:										
Food Service	717,621	736,931	925,308	1,023,150	1,088,301	1,172,675	1,229,992	925,615	58,805	194,287
Academy for Technology	1,117,800	1,117,800	1,117,800	1,117,800	1,117,800	1,117,800	1,559,467	1,992,600	2,559,078	2,726,796
Adult Continuing Education	152,530	130,007	160,244	83,577	62,568	35,708				
Shared Services	1,083,415	1,164,571	1,271,496	1,249,402	1,326,921	1,275,740	1,294,678	1,331,185	1,357,321	1,155,800
Operating Grants and Contributions	160,555	196,639	230,898	287,571	301,752	338,150	364,721	313,508	224,865	1,951,925
Total Business-type Activities Revenues	3,231,921	3,345,948	3,705,746	3,761,500	3,897,342	3,940,073	4,448,858	4,562,908	4,200,069	6,028,808
Total District-wide Program Revenues	\$ 12,212,770	\$ 11,845,766	\$ 18,859,672	\$ 21,792,198	\$ 27,781,072	\$ 31,053,734	\$ 26,263,339	\$ 24,112,352	\$ 25,814,307	\$ 26,746,086
Net (Expense)/Revenue:										
Governmental Activities:	\$ (58,302,730)	\$ (60,484,869)	\$ (60,299,885)	\$ (60,961,218)	\$ (66,727,950)	\$ (64,940,918)	\$ (64,435,373)	\$ (65,375,471)	\$ (65,084,799)	\$ (65,366,899)
Business-type Activities	(39,550)	72,274	97,410	70,339	47,787	70,257	58,693	13,819	(74,940)	199,426
Total District-wide Net (Expense)/Revenue	\$ (58,342,280)	\$ (60,412,595)	\$ (60,202,475)	\$ (60,890,879)	\$ (66,680,163)	\$ (64,870,661)	\$ (64,376,680)	\$ (65,361,652)	\$ (65,159,739)	\$ (65,167,473)

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 50,500,732	\$ 51,660,747	\$ 53,092,975	\$ 54,322,759	\$ 55,409,214	\$ 56,906,279	\$ 58,778,040	\$ 60,284,540	\$ 61,490,231	\$ 62,720,036
Taxes Levied for Debt Service	2,716,683	2,705,950	2,708,335	2,615,000	2,616,550	2,583,270	2,577,170	2,581,086	2,584,150	2,430,894
Unrestricted Grants and Contributions	4,186,366	5,280,609	5,300,269	5,531,590	5,556,684	5,625,623	5,727,264	5,634,440	5,630,164	5,648,430
Tuition	106,859	86,449	135,152	212,230	254,217	347,997	298,046	295,742	292,636	303,121
Investment Earnings	11,659	8,371	7,690	5,957	46,701	97,459	192,558	196,755	16,424	22,633
Miscellaneous Income	135,926	174,571	193,693	212,112	335,003	386,071	249,877	137,926	231,218	203,153
Special Item - Premium on ESIP Bonds							927,177			
Transfers						16,097				
Total Governmental Activities General Revenues and Other Changes	57,658,225	59,916,697	61,438,114	62,899,648	64,218,369	65,962,796	68,750,132	69,130,489	70,244,823	71,328,267
Business-type Activities:										
Transfers					(16,097)					
Total Business-type Activities General Revenues and Other Changes	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	(16,097)	- 0 -	- 0 -	- 0 -	- 0 -
Total District-wide General Revenues and Other Changes in Net Position	\$ 57,658,225	\$ 59,916,697	\$ 61,438,114	\$ 62,899,648	\$ 64,218,369	\$ 65,946,699	\$ 68,750,132	\$ 69,130,489	\$ 70,244,823	\$ 71,328,267
Change in Net Position:										
Governmental Activities	\$ (644,505)	\$ (568,172)	\$ 1,138,229	\$ 1,938,430	\$ (2,509,581)	\$ 1,021,878	\$ 4,314,759	\$ 3,755,018	\$ 5,160,024	\$ 5,961,368
Business-type Activities	(39,550)	72,274	97,410	70,339	47,787	54,160	58,693	13,819	(74,940)	199,426
Total District-wide Change in Net Position	\$ (684,055)	\$ (495,898)	\$ 1,235,639	\$ 2,008,769	\$ (2,461,794)	\$ 1,076,038	\$ 4,373,452	\$ 3,768,837	\$ 5,085,084	\$ 6,160,794

Source: Morris Hills Regional School District Financial Reports.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Restricted	\$ 3,798,900	\$ 1,650,400	\$ 2,355,147	\$ 3,572,668	\$ 2,525,719	\$ 4,150,257	\$ 4,303,193	\$ 5,605,600	\$ 5,706,372	\$ 6,494,004
Assigned	923,000	623,000	568,117	623,000	444,966	254,790	523,000	523,000	523,000	533,000
Unassigned	338,199	228,126		68,812			437,916	845,965	1,347,540	1,114,790
Total General Fund	\$ 5,060,099	\$ 2,501,526	\$ 2,923,264	\$ 4,264,480	\$ 2,970,685	\$ 4,405,047	\$ 5,264,109	\$ 6,974,565	\$ 7,576,912	\$ 8,141,794
All Other Governmental Funds:										
Restricted	\$ 429,146	\$ 1,671	\$ 1,256	\$ 1,000	\$ 51,919	\$ 47,752	\$ 56,845	\$ 743,274	\$ 805,333	\$ 825,974
Committed	45,475	1,188,155	1,274,481	4,234,025	3,719,471	1,369,461	9,553,741	2,545,079	2,565,029	2,749,462
Total All Other Governmental Funds	\$ 474,621	\$ 1,189,826	\$ 1,275,737	\$ 4,235,025	\$ 3,771,390	\$ 1,417,213	\$ 9,610,586	\$ 3,288,353	\$ 3,370,362	\$ 3,575,436
Total Governmental Funds	\$ 5,534,720	\$ 3,691,352	\$ 4,199,001	\$ 8,499,505	\$ 6,742,075	\$ 5,822,260	\$ 14,874,695	\$ 10,262,918	\$ 10,947,274	\$ 11,717,230

Source: Morris Hills Regional School District Financial Reports.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Tax Levy	\$ 53,217,415	\$ 54,366,697	\$ 55,801,310	\$ 56,937,759	\$ 58,025,764	\$ 59,489,549	\$ 61,355,210	\$ 62,865,626	\$ 64,074,381	\$ 65,150,930
Tuition Charges	106,859	86,449	135,152	212,230	254,217	347,997	298,046	295,742	292,636	303,121
Interest Earnings	11,659	8,371	7,690	5,957	46,701	70,175	89,350	196,755	16,424	22,633
Miscellaneous	135,926	174,571	193,693	215,447	337,372	420,823	359,750	138,507	358,274	507,912
State Sources	12,396,251	13,009,516	13,725,833	15,035,062	16,028,899	18,368,764	19,454,924	19,950,038	22,680,970	26,558,864
Federal Sources	770,964	770,911	731,241	740,680	714,654	800,627	872,774	1,020,501	1,093,429	1,930,369
Total Revenues	66,639,074	68,416,515	70,594,919	73,147,135	75,407,607	79,497,935	82,430,054	84,467,169	88,516,114	94,473,829
Expenditures:										
Instruction:										
Regular Instruction	18,500,547	19,333,645	19,859,438	20,237,201	20,888,477	20,941,724	21,056,137	20,968,236	20,884,379	22,184,374
Special Education Instruction	3,428,011	3,434,926	3,578,399	3,521,797	3,660,412	3,896,610	4,086,114	4,403,173	4,272,528	4,175,132
Other Special Instruction	613,023	661,696	681,272	635,628	688,042	652,979	227,914	259,913	265,145	281,306
School-Sponsored Other Instruction	2,781,894	2,864,392	2,902,401	2,952,714	2,959,200	2,954,029	2,992,243	2,962,520	2,987,518	3,203,178
Support Services:										
Tuition	4,863,423	5,502,348	5,155,195	4,996,386	5,492,215	5,654,973	4,916,322	4,996,804	5,721,003	5,181,076
Student & Instruction Related Services	5,776,167	6,206,811	6,484,947	6,615,897	6,894,417	6,965,098	7,026,974	7,500,963	8,153,719	9,539,897
General Administration Services	911,681	954,239	864,209	852,100	881,745	916,578	979,601	1,005,994	1,113,523	1,202,523
School Administration Services	1,985,051	2,122,877	1,976,936	2,010,456	2,009,009	1,959,709	2,123,440	2,137,189	2,115,267	2,201,192
Central Services	899,428	960,082	993,118	935,556	1,198,841	1,070,358	1,149,641	1,242,467	1,174,996	1,344,919
Administrative Information Technology	510,763	450,595	489,631	527,339	782,055	649,318	688,519	702,199	497,731	593,111
Plant Operations and Maintenance	3,770,765	4,087,590	4,034,861	3,935,050	4,114,079	4,416,871	4,331,662	4,598,803	5,229,779	5,559,364
Pupil Transportation	3,183,161	3,410,958	3,671,722	3,688,678	3,906,715	4,618,275	4,511,805	4,213,615	4,125,447	4,562,385
Allocated Benefits	8,762,988	8,786,311	8,432,827	8,573,967	8,665,749	9,089,461	9,952,200	10,506,152	10,649,933	11,605,626
Unallocated Benefits	5,385,415	4,816,508	5,537,742	6,568,849	7,441,450	8,450,041	9,684,696	10,033,368	12,194,229	15,641,024
Capital Outlay	1,656,119	3,540,031	2,290,863	2,015,530	4,557,772	5,178,210	5,860,475	11,523,017	5,676,342	3,639,959
Special Schools	392,941	419,423	423,859	463,233	407,309	396,563	308,819	301,069	309,388	332,913
Debt Service:										
Principal	1,360,000	1,410,000	1,470,000	1,420,000	1,450,000	1,500,000	1,555,000	1,610,000	2,140,000	2,145,000
Interest and Other Charges	1,359,537	1,297,450	1,239,850	1,196,250	1,167,550	1,123,050	1,061,950	1,006,700	581,178	310,894
Total Expenditures	66,140,914	70,259,883	70,087,270	71,146,631	77,165,037	80,433,847	82,513,512	89,972,182	88,092,105	93,703,873
Excess (Deficiency) of Revenues Over (Under) Expenditures	498,160	(1,843,368)	507,649	2,000,504	(1,757,430)	(935,912)	(83,458)	(5,505,013)	424,009	769,956

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Other Financing Sources (Uses):										
School Refunding Bonds Issued									\$17,615,000	
Payments to Escrow Agent for Bond Refunding				\$ 2,300,000					(17,354,653)	
Financed Purchases Proceeds							\$ 8,230,000			
ESIP Bond Proceeds							927,177			
ESIP Bond Premium										
Transfers In	\$ 1,702,067	\$ 2,987,856	\$ 1,153,882	1,479,467	\$ 2,890,598	\$ 3,177,029	4,116,975	\$ 2,405,391	3,486,991	\$ 5,327,883
Transfers Out	(1,702,067)	(2,987,856)	(1,153,882)	(1,479,467)	(2,890,598)	(3,160,932)	(4,116,975)	(2,405,391)	(3,486,991)	(5,327,883)
Total Other Financing Sources (Uses)	- 0 -	- 0 -	- 0 -	2,300,000	- 0 -	16,097	9,157,177	- 0 -	260,347	- 0 -
Net Change in Fund Balances	\$ 498,160	\$ (1,843,368)	\$ 507,649	\$ 4,300,504	\$ (1,757,430)	\$ (919,815)	\$ 9,073,719	\$ (5,505,013)	\$ 684,356	\$ 769,956
Debt Service as a Percentage of Noncapital Expenditures	4.22%	4.06%	4.00%	3.75%	3.57%	3.46%	3.39%	3.31%	3.28%	2.72%

Source: Morris Hills Regional School District Financial Reports.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Rentals - Use of</u> <u>Facilities</u>	<u>Other</u>	<u>Total</u>
2013	\$ 9,005	\$ 106,859	\$ 15,830	\$ 120,096	\$ 251,790
2014	8,215	86,449	34,968	139,603	269,235
2015	6,590	135,152	35,723	157,970	335,435
2016	4,963	212,230	26,683	185,429	429,305
2017	34,562	254,217	28,603	266,620	584,002
2018	61,846	347,997	29,143	356,928	795,914
2019	103,418	298,046	29,267	220,610	651,341
2020	91,290	295,742	16,372	121,554	524,958
2021	7,619	307,836	165	215,853	531,473
2022	9,846	303,121	37,524	165,629	516,120

Source: Morris Hills Regional School District records.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

DENVILLE TOWNSHIP

Year End Dec.	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2012	\$ 41,831,900	\$ 1,854,794,500	\$ 4,331,100	\$ 78,700	\$ 297,753,400	\$ 69,244,600	\$ 7,579,600	\$ 2,275,613,800	\$ -	\$ 2,275,613,800	\$ 209,736,700	\$ 0.81	\$ 3,355,655,826
2013	38,102,700	1,839,357,500	4,302,100	77,200	298,019,500	65,894,200	7,579,600	2,253,332,800	-	2,253,332,800	209,606,600	0.85	3,228,291,771
2014	37,165,900	1,836,196,200	4,028,900	81,200	269,428,500	66,056,700	7,579,600	2,220,537,000	-	2,220,537,000	213,597,600	0.88	3,126,969,683
2015	35,800,700	1,841,849,600	4,049,500	81,200	269,647,900	64,280,400	7,579,600	2,223,288,900	-	2,223,288,900	213,333,200	0.91	3,250,387,268
2016*	39,986,400	2,422,594,000	4,869,400	61,200	485,899,900	97,249,100	14,896,000	3,065,556,000	-	3,065,556,000	265,875,000	0.71	3,375,616,140
2017	45,669,600	2,424,023,800	4,869,400	79,900	485,680,300	97,846,100	14,896,000	3,073,065,100	-	3,073,065,100	268,916,600	0.73	3,300,059,059
2018	33,042,500	2,436,447,100	3,923,000	86,800	484,202,300	97,746,100	14,896,000	3,070,343,800	-	3,070,343,800	274,761,800	0.70	3,314,151,624
2019	32,059,100	2,436,447,100	3,923,000	86,800	484,202,300	97,746,100	14,896,000	3,069,360,400	-	3,070,343,800	276,050,700	0.70	3,327,546,997
2020	31,170,900	2,449,740,600	4,379,300	80,700	485,843,100	96,019,300	14,896,000	3,082,129,900	-	3,082,129,900	276,753,200	0.70	3,325,516,358
2021	29,691,800	2,463,935,300	4,058,300	80,400	492,261,800	95,501,300	14,896,000	3,100,424,900	-	3,100,424,900	278,321,400	0.70	3,390,301,916

ROCKAWAY BOROUGH

Year End Dec.	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2012	\$ 7,284,700	\$ 566,700,805	\$ -	\$ -	\$ 152,530,825	\$ 31,245,600	\$ 22,292,400	\$ 780,054,330	\$ 1,257,313	\$ 781,311,643	\$ 73,833,700	\$ 0.65	\$ 900,041,551
2013	7,157,400	565,491,935	-	-	152,570,425	31,252,600	22,292,400	778,764,760	1,257,313	780,022,073	73,992,500	0.64	850,980,929
2014	7,097,400	564,385,430	-	-	152,962,525	31,102,600	22,292,400	777,840,355	1,257,313	779,097,668	73,441,600	0.70	866,746,168
2015	7,207,500	564,302,030	-	-	153,387,425	31,102,600	22,292,400	778,291,955	92	778,292,047	72,870,600	0.75	849,680,286
2016	6,698,100	565,692,330	-	-	153,560,925	31,102,600	22,816,100	779,870,055	92	779,870,147	74,113,150	0.76	840,700,393
2017	6,308,400	567,433,330	-	1,700	153,269,525	29,990,700	22,816,100	779,819,847	92	779,819,847	74,125,150	0.79	904,562,353
2018	6,103,200	567,645,730	-	1,700	151,240,275	31,694,400	22,816,100	779,501,405	92	779,501,497	73,208,950	0.86	849,574,967
2019	6,536,300	568,187,700	-	-	151,432,200	36,330,300	22,896,100	785,402,600	92	785,402,692	73,214,900	0.86	821,116,320
2020	5,622,000	568,788,600	-	-	153,073,300	36,726,200	24,315,600	788,525,700	92	788,525,792	71,207,100	0.83	826,842,253
2021	5,622,000	570,027,400	-	-	152,901,300	36,881,200	24,315,600	789,747,500	92	789,747,592	70,650,400	0.85	853,785,051

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

Reassessment occurs when ordered by the County Board of Taxation.

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

b - Tax rates are per \$100 of assessed valuation.

* - Property revaluation/reassessment became effective in this year.

Source: Municipal Tax Assessors.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN YEARS
UNAUDITED

ROCKAWAY TOWNSHIP

Year End Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2012*	\$ 69,770,400	\$ 2,675,416,500	\$ 5,970,500	\$ 211,200	\$ 578,990,200	\$ 211,423,800	\$ 59,954,100	\$ 3,601,736,700	\$ -	\$ 3,601,736,700	\$ 405,150,100	\$ 0.69	\$ 4,201,426,235
2013	65,419,000	2,683,763,200	5,920,500	202,000	576,745,300	209,387,900	59,954,100	3,601,392,000	-	3,601,392,000	407,837,100	0.70	3,935,116,405
2014	65,434,200	2,657,539,800	7,859,700	203,900	570,208,400	207,773,700	59,954,100	3,568,973,800	-	3,568,973,800	408,552,300	0.72	3,801,875,651
2015	60,924,200	2,657,056,500	7,855,000	204,100	564,369,300	206,651,600	58,654,300	3,555,715,000	-	3,555,715,000	409,409,900	0.73	3,829,398,626
2016	58,034,200	2,679,043,700	8,587,100	204,600	568,030,800	206,419,700	58,934,000	3,579,254,100	-	3,579,254,100	409,692,400	0.72	3,846,774,464
2017	55,226,400	2,696,621,000	8,587,100	185,500	568,456,100	205,161,400	58,846,400	3,593,083,900	-	3,593,083,900	413,450,900	0.73	3,969,743,155
2018	51,299,000	2,941,003,400	8,344,600	179,300	644,944,100	232,616,800	78,241,900	3,956,629,100	-	3,956,629,100	461,558,200	0.70	4,233,241,964
2019	46,732,900	3,000,131,300	8,253,800	187,900	662,902,000	245,525,000	123,177,900	4,086,910,800	-	4,086,910,800	514,871,900	0.71	4,212,185,628
2020	45,260,500	3,084,985,700	9,222,700	187,100	668,025,900	252,671,300	141,757,200	4,202,110,400	-	4,202,110,400	396,482,400	0.71	4,524,860,678
2021	44,486,800	3,154,729,900	10,304,500	127,200	666,972,500	258,146,600	160,303,700	4,295,071,200	-	4,295,071,200	399,960,700	0.71	4,548,703,196

WHARTON BOROUGH

Year End Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2012	\$ 12,263,900	\$ 489,338,100	\$ 621,200	\$ 4,000	\$ 101,874,000	\$ 105,180,200	\$ 24,354,300	\$ 733,635,700	\$ -	\$ 733,635,700	\$ 66,891,500	\$ 0.62	\$ 745,985,600
2013*	12,816,300	431,026,500	571,200	4,000	93,914,900	97,860,000	21,698,800	657,891,700	-	657,891,700	67,532,300	0.69	723,873,433
2014	12,324,900	422,510,400	566,600	4,000	93,341,300	97,616,100	21,819,500	648,182,800	-	648,182,800	67,252,000	0.70	701,205,616
2015	11,789,600	427,569,800	576,400	4,000	92,610,400	97,716,600	21,914,000	652,180,800	-	652,180,800	96,632,800	0.65	673,503,608
2016	12,991,500	431,891,600	581,100	4,000	92,517,600	96,320,200	22,465,700	656,771,700	-	656,771,700	97,154,200	0.61	663,528,365
2017	12,993,400	434,199,800	581,100	4,000	92,741,300	98,448,800	22,649,900	661,618,300	-	661,618,300	101,972,200	0.63	668,396,422
2018	12,873,400	446,757,300	598,200	4,000	93,118,800	105,321,100	22,772,700	681,445,500	-	681,445,500	102,182,300	0.62	675,041,790
2019	13,857,600	460,137,300	612,300	4,000	94,940,200	105,912,700	23,065,000	698,529,100	-	698,529,100	102,579,700	0.69	716,029,500
2020	15,400,200	478,323,300	628,700	4,000	98,332,800	111,845,100	23,475,200	728,009,300	-	728,009,300	110,236,300	0.76	747,194,562
2021	14,406,400	498,177,500	655,100	4,000	100,490,100	115,222,600	26,040,200	754,995,900	-	754,995,900	109,439,100	0.77	763,011,808

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when ordered by the County Board of Taxation.

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

b - Tax rates are per \$100 of assessed valuation.

* - Property revaluation/reassessment became effective in this year.

Source: Municipal Tax Assessors.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED

(Rate per \$100 of Assessed Value)

DENVILLE TOWNSHIP

Year Ended Dec. 31,	Morris Hills Regional School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Rate	Denville Township	Denville Public Schools	Morris County	
2012	\$ 0.77	\$ 0.04	\$ 0.81	\$ 0.57	\$ 1.14	\$ 0.36	\$ 2.88
2013	0.81	0.04	0.85	0.58	1.18	0.36	2.97
2014	0.84	0.04	0.88	0.62	1.20	0.36	3.06
2015	0.87	0.04	0.91	0.63	1.22	0.36	3.12
2016 *	0.68 *	0.03 *	0.71 *	0.48 *	0.92 *	0.28 *	2.39 *
2017	0.70	0.03	0.73	0.48	0.95	0.28	2.44
2018	0.67	0.03	0.70	0.49	0.99	0.28	2.46
2019	0.67	0.03	0.70	0.50	1.01	0.28	2.49
2020	0.67	0.03	0.70	0.50	1.03	0.28	2.51
2021	0.67	0.03	0.70	0.50	1.05	0.28	2.53

ROCKAWAY BOROUGH

Year Ended Dec. 31,	Morris Hills Regional School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Rate	Rockaway Borough	Rockaway Public Schools	Morris County	
2012	\$ 0.62	\$ 0.03	\$ 0.65	\$ 0.66	\$ 0.91	\$ 0.28	\$ 2.50
2013	0.61	0.03	0.64	0.72	0.93	0.28	2.57
2014	0.67	0.03	0.70	0.76	0.95	0.29	2.70
2015	0.70	0.05	0.75	0.79	0.98	0.28	2.80
2016	0.73	0.03	0.76	0.81	1.00	0.28	2.85
2017	0.75	0.04	0.79	0.82	1.03	0.30	2.94
2018	0.82	0.04	0.86	0.85	1.06	0.28	3.05
2019	0.82	0.04	0.86	0.87	1.09	0.27	3.09
2020	0.80	0.03	0.83	0.89	1.16	0.27	3.15
2021	0.82	0.03	0.85	0.90	1.17	0.28	3.20

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.

* - Property revaluation/reassessment became effective in this year.

Source: Municipal Tax Collectors and Morris Hills Regional School Business Administrator.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS

UNAUDITED
(Rate per \$100 of Assessed Value)

ROCKAWAY TOWNSHIP

Year Ended Dec. 31,	Morris Hills Regional School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Rate	Rockaway Township	Rockaway Public Schools	Morris County	
2012	* \$ 0.65	* \$ 0.04	* \$ 0.69	* \$ 0.76	* \$ 1.14	* \$ 0.29	* \$ 2.88
2013	0.66	0.04	0.70	0.79	1.15	0.27	2.91
2014	0.68	0.04	0.72	0.84	1.17	0.27	3.00
2015	0.69	0.04	0.73	0.86	1.20	0.27	3.06
2016	0.69	0.03	0.72	0.87	1.22	0.27	3.08
2017	0.70	0.03	0.73	0.87	1.23	0.29	3.12
2018	0.67	0.03	0.70	0.77	1.15	0.28	2.90
2019	0.68	0.03	0.71	0.74	1.13	0.27	2.85
2020	0.68	0.03	0.71	0.73	1.12	0.28	2.84
2021	0.68	0.03	0.71	0.73	1.83	0.28	3.55

WHARTON BOROUGH

Year Ended Dec. 31,	Morris Hills Regional School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Rate	Wharton Borough	Wharton Public Schools	Morris County	
2012	\$ 0.59	\$ 0.03	\$ 0.62	\$ 0.63	\$ 1.11	\$ 0.25	\$ 2.61
2013	* 0.66	* 0.03	* 0.69	* 0.72	* 1.28	* 0.28	* 2.97
2014	0.67	0.03	0.70	0.76	1.33	0.27	3.06
2015	0.62	0.03	0.65	0.76	1.35	0.26	3.02
2016	0.58	0.03	0.61	0.78	1.36	0.26	3.01
2017	0.60	0.03	0.63	0.79	1.38	0.26	3.06
2018	0.59	0.03	0.62	0.78	1.36	0.26	3.02
2019	0.66	0.03	0.69	0.77	1.35	0.27	3.08
2020	0.73	0.03	0.76	0.76	1.32	0.27	3.11
2021	0.74	0.03	0.77	0.73	1.29	0.26	3.05

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.

* - Property revaluation/reassessment became effective in this year.

Source: Municipal Tax Collectors and Morris Hills Regional School Business Administrator.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

DENVILLE TOWNSHIP

Taxpayer	2021		2012	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Prime Healthcare Services - St. Clare's	\$ 83,552,300	2.69%		
Shoppes at Union Hill	33,896,000	1.09%	\$ 21,966,000	0.97%
Springpoint at Denville, Inc.	31,194,100	1.01%		
Tamara Enterprises	18,345,000	0.59%	12,112,200	0.53%
Estling Village LLC	15,500,000	0.50%		
Denville Commons LLC	15,000,000	0.48%		
Denville Hospitality LLC	10,710,000	0.35%		
Rockaway River Country Club	10,027,200	0.32%	8,767,600	0.39%
Pinfield Manor LLC	9,758,000	0.31%		
Denville West Main LLC	9,529,500	0.31%	4,900,000	0.22%
Individual Tax Payer #1			6,737,000	0.30%
St. Francis Life Care Corporation			47,650,000	2.09%
Denville Station, LLC			5,100,000	0.22%
Greco Realty			4,844,100	0.21%
WP Properties, LLC			4,790,000	0.21%
Morris Ave Denville S S, LLC			4,640,300	0.20%
Total	\$237,512,100	7.65%	\$121,507,200	5.34%

Note: A reassessment/revaluation was effective in 2016 in Denville Township.

ROCKAWAY BOROUGH

Taxpayer	2021		2012	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Rockaway Commons, LLC	\$ 12,500,000	1.58%	\$ 13,026,250	1.67%
Conn. Storage Dept. PT NJ	6,704,000	0.85%		
Highway Enterprises, Inc.	5,700,000	0.72%	7,756,600	0.99%
HS Gardens, LLC	4,983,000	0.63%	6,625,000	0.85%
WithInvestors Rockaway, LLC	4,640,000	0.59%		
KTB Realty, LLC	4,639,900	0.59%		
E & W Realty Associates, LLC	4,450,500	0.56%		
McWilliams Forge Company	4,260,500	0.54%	10,319,500	1.32%
Moretrench Corporation	4,197,400	0.53%	4,042,400	0.52%
385 Franklin Ave LLC	4,045,200	0.51%		
Fortunato, Robert			4,832,325	0.62%
Gustov L. Hollenstein, Inc.			4,249,700	0.54%
Wespas			3,100,000	0.40%
Kop-Coat, Inc.			2,976,800	0.38%
Won and Kyong			2,154,800	0.28%
Total	\$ 56,120,500	7.10%	\$ 59,083,375	7.57%

Source: Municipal Tax Assessors.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

ROCKAWAY TOWNSHIP

Taxpayer	2021		2012	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Rockaway Center Association	\$210,235,200	4.89%	\$199,045,400	5.53%
Mt. Hope Rock Products, Inc. (Tilcon)	76,179,000	1.77%	53,403,200	1.48%
WPG Rockaway Commons LLC	68,896,200	1.60%		
Pondview Estates	58,197,800	1.35%		
Rustic Ridge, Inc.	38,153,400	0.89%	26,099,800	0.72%
Marketplace at Rockaway, LLC	36,127,800	0.84%	30,073,500	0.83%
Dover UE, LLC	30,200,000	0.70%		
100 Commons Way, LLC	27,450,000	0.64%		
Macy's East, Inc.	26,520,000	0.62%	25,346,900	0.70%
Target Corporation	21,969,400	0.51%		
Marvin F. Poer Company			30,121,400	0.84%
Dover VF c/o Vornado Realty Trust			27,552,700	0.76%
Bergen Record			24,991,500	0.69%
Target Corporation			19,445,300	0.54%
Highlands at Morris			19,228,200	0.53%
Total	\$593,928,800	13.81%	\$455,307,900	12.62%

Note: A reassessment/revaluation was effective in 2012 in Rockaway Township.

WHARTON BOROUGH

Taxpayer	2021		2012	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Wharton Investors III LP	\$ 89,632,400	11.87%		
Glass Paramus	20,162,600	2.67%	\$ 19,433,900	2.65%
Costco Wholesale Club	19,000,000	2.52%	17,842,300	2.43%
C.C.K.K. LLC (Wharton Industrial)	17,000,000	2.25%	12,115,400	1.65%
Bayview Gardens LLC	8,900,000	1.18%	8,700,000	1.19%
Wharton Mall Associates, LLC	7,300,000	0.97%	8,273,700	1.13%
National Retail Properties LP	6,200,000	0.82%		
Brentwood Associates, Inc.	6,100,000	0.81%	6,528,500	0.89%
Wharton Apartment Associates, LP	4,460,000	0.59%		
13 Broad, LLC	4,291,000	0.57%		
TA Wharton, LLC			55,711,800	7.59%
The Realty Associates Fund VIII LP			32,223,900	4.39%
Wharton Apartments			4,000,000	0.55%
Waltann Greenbrook, LLC			3,863,700	0.53%
Total	\$183,046,000	24.25%	\$168,693,200	23.00%

Note: A reassessment/revaluation was effective in 2013 in Wharton Borough.

Source: Municipal Tax Assessors.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

DENVILLE TOWNSHIP

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 18,753,893	\$ 18,753,893	100.00%	\$ - 0 -
2014	19,595,027	19,595,027	100.00%	- 0 -
2015	19,528,633	19,528,633	100.00%	- 0 -
2016	20,753,444	20,753,444	100.00%	- 0 -
2017	22,799,243	22,799,243	100.00%	- 0 -
2018	21,918,982	21,918,982	100.00%	- 0 -
2019	21,342,735	21,342,735	100.00%	- 0 -
2020	21,729,610	21,729,610	100.00%	- 0 -
2021	21,313,959	21,313,959	100.00%	- 0 -
2022	21,721,419	21,721,419	100.00%	- 0 -

ROCKAWAY BOROUGH

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 5,081,994	\$ 5,081,994	100.00%	\$ - 0 -
2014	4,909,080	4,909,080	100.00%	- 0 -
2015	5,914,924	5,914,924	100.00%	- 0 -
2016	5,843,123	5,843,123	100.00%	- 0 -
2017	5,967,952	5,967,952	100.00%	- 0 -
2018	6,335,178	6,335,178	100.00%	- 0 -
2019	7,089,482	7,089,482	100.00%	- 0 -
2020	6,432,500	6,432,500	100.00%	- 0 -
2021	6,643,191	6,643,191	100.00%	- 0 -
2022	6,702,645	6,702,645	100.00%	- 0 -

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.

Source: Morris Hills Regional School District records, including the Certificate and Report of School Taxes (A4F form).

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

ROCKAWAY TOWNSHIP

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 24,909,188	\$ 24,909,188	100.00%	\$ - 0 -
2014	25,323,458	25,323,458	100.00%	- 0 -
2015	25,871,039	25,871,039	100.00%	- 0 -
2016	26,324,330	26,324,330	100.00%	- 0 -
2017	25,225,962	25,225,962	100.00%	- 0 -
2018	26,978,245	26,978,245	100.00%	- 0 -
2019	28,700,860	28,700,860	100.00%	- 0 -
2020	29,318,281	29,318,281	100.00%	- 0 -
2021	30,421,537	30,421,537	100.00%	- 0 -
2022	30,886,498	30,886,498	100.00%	- 0 -

WHARTON BOROUGH

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 4,472,340	\$ 4,472,340	100.00%	\$ - 0 -
2014	4,539,132	4,539,132	100.00%	- 0 -
2015	4,486,714	4,486,714	100.00%	- 0 -
2016	4,016,862	4,016,862	100.00%	- 0 -
2017	4,032,607	4,032,607	100.00%	- 0 -
2018	4,257,144	4,257,144	100.00%	- 0 -
2019	4,222,133	4,222,133	100.00%	- 0 -
2020	5,385,235	5,385,235	100.00%	- 0 -
2021	5,695,694	5,695,694	100.00%	- 0 -
2022	5,840,368	5,840,368	100.00%	- 0 -

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.

Source: Morris Hills Regional School District records, including the Certificate and Report of School Taxes (A4F form).

MORRIS HILLS REGIONAL SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities						Business-Type Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Energy Savings Improvement Bonds	Unamortized Bond Issuance Premiums	Financed Purchases	Bond Anticipation Notes (BANs)	Financed Purchases	Financed Purchases	Income ^a				
2013	\$ 31,110,000	\$ - 0 -	\$ 4,857,461	\$ 935,521	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 36,902,982	0.85%	\$ 681.73		
2014	29,700,000	- 0 -	4,571,728	567,861	- 0 -	- 0 -	- 0 -	34,839,589	0.79%	642.71		
2015	28,230,000	- 0 -	4,285,995	288,553	- 0 -	- 0 -	- 0 -	32,804,548	0.72%	607.44		
2016	26,810,000	- 0 -	4,000,262	2,300,000	- 0 -	- 0 -	- 0 -	33,110,262	0.69%	613.07		
2017	25,360,000	- 0 -	3,714,529	1,852,618	- 0 -	- 0 -	- 0 -	30,927,147	0.63%	574.46		
2018	23,860,000	- 0 -	3,428,796	1,401,027	- 0 -	- 0 -	- 0 -	28,689,823	0.56%	523.14		
2019	22,305,000	8,230,000	3,143,063	941,813	- 0 -	- 0 -	- 0 -	34,619,876	0.65%	628.98		
2020	20,695,000	8,230,000	2,857,330	474,848	- 0 -	- 0 -	- 0 -	32,257,178	0.59%	587.17		
2021	20,695,000	7,970,000	2,571,597	- 0 -	- 0 -	- 0 -	- 0 -	31,236,597	0.55%	566.67		
2022	18,550,000	7,545,000	2,285,864	- 0 -	- 0 -	- 0 -	- 0 -	28,380,864	0.49%	499.71		

Note: Details regarding the District's outstanding debt can be found in the notes to the basic 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: Morris Hills Regional School District Financial Reports.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding				Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation and Energy Savings Improvement Bonds	Unamortized Bond Issuance Premiums		Deductions			
2013	\$ 31,110,000	\$ 4,857,461	\$	- 0 -	\$ 35,967,461	0.487%	\$ 664.45
2014	29,700,000	4,571,728		- 0 -	34,271,728	0.470%	632.24
2015	28,230,000	4,285,995		- 0 -	32,515,995	0.451%	602.09
2016	26,810,000	4,000,262		- 0 -	30,810,262	0.427%	570.49
2017	25,360,000	3,714,529		- 0 -	29,074,529	0.360%	540.05
2018	23,860,000	3,428,796		- 0 -	27,288,796	0.337%	497.59
2019	30,535,000	3,143,063		- 0 -	33,678,063	0.397%	611.87
2020	28,925,000	2,857,330		- 0 -	31,782,330	0.368%	578.52
2021	28,665,000	2,571,597		- 0 -	31,236,597	0.355%	566.67
2022	26,095,000	2,285,864		- 0 -	28,380,864	0.317%	499.71

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

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

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

Source: Morris Hills Regional School District Financial Reports.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2021
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:			
Denville Township	\$ 11,148,467	100.00%	\$ 11,148,467
Rockaway Borough	5,513,227	100.00%	5,513,227
Rockaway Township	20,440,266	100.00%	20,440,266
Wharton Borough	1,000,000	100.00%	1,000,000
Morris County General Obligation Debt - (all constituent municipalities)	235,030,042	9.79%	<u>23,009,905</u>
Subtotal, Overlapping Debt			61,111,865
Morris Hills Regional School District Direct Debt			<u>18,550,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 79,661,865</u></u>

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 another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by residents and businesses of Denville Township, Rockaway Borough, Rockaway Township and Wharton 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.

Source: 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 HILLS REGIONAL SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	Fiscal Year Ended June 30,				
	2013	2014	2015	2016	2017
Debt Limit	\$ 272,960,160	\$ 264,457,335	\$ 258,597,096	\$ 257,846,475	\$ 260,277,774
Total Net Debt Applicable to Limit	31,110,000	29,700,000	28,230,000	26,810,000	25,360,000
Legal Debt Margin	<u>\$ 241,850,160</u>	<u>\$ 234,757,335</u>	<u>\$ 230,367,096</u>	<u>\$ 231,036,475</u>	<u>\$ 234,917,774</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.40%	11.23%	10.92%	10.40%	9.74%

	Fiscal Year Ended June 30,				
	2018	2019	2020	2021	2022
Debt Limit	\$ 264,572,537	\$ 267,800,874	\$ 273,270,894	\$ 277,746,017	\$ 287,595,983
Total Net Debt Applicable to Limit	23,860,000	30,535,000	28,925,000	28,665,000	26,095,000
Legal Debt Margin	<u>\$ 240,712,537</u>	<u>\$ 237,265,874</u>	<u>\$ 244,345,894</u>	<u>\$ 249,081,017</u>	<u>\$ 261,500,983</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.02%	11.40%	10.58%	10.32%	9.07%

Legal Debt Margin Calculation for Fiscal Year 2022

Year Ended December 31,	Denville Township	Rockaway Borough	Rockaway Township	Wharton Borough	Equalized Valuation Basis
2019	\$ 3,300,737,452	\$ 817,446,503	\$ 4,474,883,171	\$ 740,045,662	\$ 9,333,112,788
2020	3,348,685,246	846,420,889	4,504,352,449	758,343,021	9,457,801,605
2021	3,479,713,692	859,261,778	4,825,922,697	803,785,691	9,968,683,858
	<u>\$ 10,129,136,390</u>	<u>\$ 2,523,129,170</u>	<u>\$ 13,805,158,317</u>	<u>\$ 2,302,174,374</u>	<u>\$ 28,759,598,251</u>
	Average Equalized Valuation of Taxable Property				<u>\$ 9,586,532,750</u>
	Debt Limit ^a (3% of Average Equalization Value)				\$ 287,595,983
	Net Bonded School Debt at June 30, 2022				<u>26,095,000</u>
	Legal Debt Margin				<u>\$ 261,500,983</u>

a - Limit set by NJSIA 18A:24-19 for a regional high school 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 HILLS REGIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

DENVILLE TOWNSHIP

Fiscal Year	Population ^a	Morris County Per Capita Personal		Unemployment Rate ^d
		Income ^b	Personal Income ^c	
2012	16,755	\$ 79,856	\$ 1,337,987,280	6.40%
2013	16,755	81,026	1,357,590,630	7.40%
2014	16,685	84,287	1,406,328,595	4.90%
2015	16,641	88,298	1,469,367,018	4.10%
2016	16,579	91,252	1,512,866,908	3.80%
2017	16,746	93,544	1,566,487,824	3.70%
2018	16,630	97,244	1,617,167,720	3.30%
2019	16,435	99,140	1,629,365,900	2.50%
2020	16,362	102,227	1,672,638,174	7.90%
2021	17,100	102,227 *	1,748,081,700	4.70%

ROCKAWAY BOROUGH

Fiscal Year	Population ^a	Morris County Per Capita Personal		Unemployment Rate ^d
		Income ^b	Personal Income ^c	
2012	6,464	\$ 79,856	\$ 516,189,184	10.90%
2013	6,460	81,026	523,427,960	7.40%
2014	6,432	84,287	542,133,984	4.80%
2015	6,425	88,298	567,314,650	4.20%
2016	6,431	91,252	586,841,612	4.10%
2017	6,413	93,544	599,897,672	3.50%
2018	6,356	97,244	618,082,864	3.10%
2019	6,272	99,140	621,806,080	2.70%
2020	6,244	102,227	638,305,388	8.40%
2021	6,587	102,227 *	673,369,249	5.10%

* - Latest Morris County per capita personal income available (2020) was used for calculation purposes.

Source:

- a** - Population information provided by the US Department of Census - Population Division.
- b** - Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- c** - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- d** - Unemployment data provided by the NJ Department of Labor and Workforce Development.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

ROCKAWAY TOWNSHIP

Fiscal Year	Population ^a	Morris County Per Capita Personal		Unemployment Rate ^d
		Income ^b	Personal Income ^c	
2012	24,352	\$ 79,856	\$ 1,944,653,312	7.40%
2013	24,432	81,026	1,979,627,232	6.10%
2014	24,347	84,287	2,052,135,589	5.00%
2015	24,401	88,298	2,154,559,498	4.20%
2016	24,311	91,252	2,218,427,372	4.00%
2017	25,188	93,544	2,356,186,272	3.60%
2018	25,613	97,244	2,490,710,572	3.20%
2019	25,866	99,140	2,564,355,240	2.60%
2020	26,054	102,227	2,663,422,258	7.60%
2021	25,869	102,227 *	2,644,510,263	4.70%

WHARTON BOROUGH

Fiscal Year	Population ^a	Morris County Per Capita Personal		Unemployment Rate ^d
		Income ^b	Personal Income ^c	
2012	6,560	\$ 79,856	\$ 523,855,360	15.00%
2013	6,560	81,026	531,530,560	8.40%
2014	6,541	84,287	551,321,267	6.00%
2015	6,540	88,298	577,468,920	5.00%
2016	6,516	91,252	594,598,032	5.20%
2017	6,495	93,544	607,568,280	4.60%
2018	6,442	97,244	626,445,848	4.20%
2019	6,364	99,140	630,926,960	4.20%
2020	6,463	102,227	660,693,101	11.00%
2021	7,239	102,227 *	740,021,253	7.20%

* - Latest Morris County per capita personal income available (2020) was used for calculation purposes.

Source:

- a** - Population information provided by the US Department of Census - Population Division.
- b** - Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- c** - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- d** - Unemployment data provided by the NJ Department of Labor and Workforce Development.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - MORRIS COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2021		2012			
	Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
	Atlantic Health System	7,642	2.91%	Novartis	6,200	2.25%
	Picatinny Arsenal	6,000	2.28%	Picatinny Arsenal	5,274	1.91%
	Novartis	5,200	1.98%	Atlantic Health Systems	5,013	1.82%
	Bayer	3,483	1.33%	ADP, Inc.	1,947	0.71%
	Barclays	2,560	0.97%	County of Morris	1,914	0.69%
	ADP	2,400	0.91%	St. Clare's	1,841	0.67%
	Accenture	1,826	0.70%	Accenture	1,498	0.54%
	Honeywell	1,704	0.65%	Wyndham Worldwide	1,444	0.52%
	St. Clare's Health System	1,638	0.62%	Chilton Memorial	1,440	0.52%
	County of Morris	1,469	0.56%	BASF Corporation	1,400	0.51%
		<u>33,922</u>	<u>12.91%</u>		<u>27,971</u>	<u>10.14%</u>
	Total Employment *	<u>262,719</u>		Total Employment *	<u>275,962</u>	

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

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

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction:										
Regular	238.0	239.0	240.0	247.0	257.0	260.0	265.0	267.0	270.0	271.0
Special Education	31.0	32.0	34.0	37.0	39.0	39.0	41.0	42.0	36.0	36.0
Other Special Instruction	14.0	14.0	14.0	14.0	12.0	12.0	18.0	18.0	12.0	12.0
Adult/Continuing Education Programs	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0
Support Services:										
Student & Instruction Related Services	72.0	72.0	72.0	72.0	77.0	77.0	78.0	78.0	73.0	73.0
General Administration Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administration Services	22.0	22.0	22.0	22.0	23.0	23.0	25.0	25.0	24.0	24.0
Plant Operations and Maintenance	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	49.0	49.0
Pupil Transportation	59.5	59.5	59.5	59.5	59.0	59.0	60.0	60.0	66.5	66.5
Business and Other Support Services	9.5	9.5	9.5	7.5	9.0	8.0	8.0	9.0	9.0	9.0
Total	<u>498.0</u>	<u>500.0</u>	<u>503.0</u>	<u>511.0</u>	<u>528.0</u>	<u>530.0</u>	<u>546.0</u>	<u>550.0</u>	<u>542.5</u>	<u>543.5</u>

Source: Morris Hills Regional School District Personnel Records.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	October 15 Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percent Change	Teaching Staff ^b	Pupil/Teacher Ratio			June 30		% Change in Average Daily Enrollment	Student Attendance Percentage
						Morris Hills High School	Knolls High School	Morris Hills High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c		
2013	2,878	\$ 61,765,258	\$ 21,461	4.81%	251	11.2:1	12.2:1	12.2:1	2,711.7	2,613.1	-0.83%	96.36%
2014	2,890	64,012,402	22,150	3.21%	261	10.5:1	10.9:1	10.9:1	2,738.0	2,616.2	0.97%	95.55%
2015	2,856	65,086,557	22,789	2.89%	264	10.5:1	10.9:1	10.9:1	2,777.0	2,645.7	1.42%	95.27%
2016	2,853	66,514,851	23,314	2.30%	275	10.1:1	10.5:1	10.5:1	2,726.0	2,596.0	-1.84%	95.23%
2017	2,869	69,989,715	24,395	4.64%	269	10.1:1	10.3:1	10.3:1	2,764.0	2,623.7	1.39%	94.92%
2018	2,772	72,632,587	26,202	7.41%	271	10.1:1	10.3:1	10.3:1	2,777.5	2,664.6	0.49%	95.94%
2019	2,749	74,036,087	26,932	2.79%	279	10.1:1	10.1:1	10.1:1	2,682.0	2,565.3	-3.44%	95.65%
2020	2,602	75,832,465	29,144	8.21%	281	10.1:1	10.1:1	10.1:1	2,664.0	2,582.0	-0.67%	96.92%
2021	2,688	79,694,585	29,648	1.73%	281	10.1:1	10.1:1	10.1:1	2,582.0	2,521.0	-3.08%	97.64%
2022	2,402	87,608,020	36,473	25.15%	294	10.1:1	10.1:1	10.1:1	2,554.4	2,411.0	-4.11%	94.39%

Note: Enrollment based on annual October District count and excludes the Adult High School students.

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

^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) and does not include Adult High School students.

^d - Cost per pupil is calculated based upon operating expenditures and enrollment as presented above and may not be the same as other cost per pupil calculations.

Source: Morris Hills Regional School District records.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>District Building</u>					
Morris Hills High School (1953):					
Square Feet	229,760	229,760	229,760	229,760	229,760
Capacity (Students)	1,398	1,398	1,398	1,398	1,398
Enrollment	1,123	1,135	1,112	1,111	1,299
Enrollment - Academy Programs	96	96	96	96	96
Morris Knolls High School (1964):					
Square Feet	263,065	263,065	263,065	263,065	263,065
Capacity (Students)	1,652	1,652	1,652	1,652	1,652
Enrollment	1,755	1,755	1,744	1,742	1,570
Enrollment - Adult High School	129	136	130	96	53

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>District Building</u>					
Morris Hills High School (1953):					
Square Feet	229,760	229,760	229,760	229,760	229,760
Capacity (Students)	1,398	1,398	1,398	1,398	1,398
Enrollment	1,269	1,283	1,216	1,256	1,099
Enrollment - Academy Programs	120	143	164	180	180
Morris Knolls High School (1964):					
Square Feet	263,065	2,631,652	2,631,652	263,065	263,065
Capacity (Students)	1,652	1,652	1,652	1,652	1,652
Enrollment	1,503	1,466	1,386	1,432	1,303
Enrollment - Adult High School	42	35	107	75	104
Enrollment - Academy Programs		34	79	122	154

Number of Schools at June 30, 2022:

 High School = 2

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October District count.

Source: Morris Hills Regional School District Facilities Office.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance
 For School Facilities - Account #11-000-261-XXX:

<u>School Facilities*</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Morris Hills	\$ 541,119	\$ 501,878	\$ 436,678	\$ 559,387	\$ 503,222
Morris Knolls	675,161	632,578	460,568	412,528	462,278
Grand Total	<u>\$ 1,216,280</u>	<u>\$ 1,134,456</u>	<u>\$ 897,246</u>	<u>\$ 971,915</u>	<u>\$ 965,500</u>

<u>School Facilities*</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Morris Hills	\$ 421,425	\$ 466,288	\$ 383,833	\$ 515,443	\$ 387,818
Morris Knolls	408,199	440,387	370,728	552,638	452,862
Grand Total	<u>\$ 829,624</u>	<u>\$ 906,675</u>	<u>\$ 754,561</u>	<u>\$ 1,068,081</u>	<u>\$ 840,680</u>

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

Source: Morris Hills Regional School District records.

MORRIS HILLS REGIONAL SCHOOL DISTRICTINSURANCE SCHEDULEJUNE 30, 2022UNAUDITED**School Package Policy -****New Jersey Schools Insurance Group (NJSIG)**

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
Real & Personal Property (per occurrence)	\$500,000,000	\$5,000
Blanket Extra Expense	50,000,000	5,000
Blanket Valuable Paper & Records	10,000,000	5,000
Demolition & Increased Cost of Construction	25,000,000	
Limited Builders Risk	10,000,000	
Fire Dept. Service Charge	10,000	
Arson Reward	10,000	
Pollution Cleanup & Removal	250,000	
Flood/Earthquake:		
Flood Zone A & V	25,000,000	500,000
All Other Flood Zones	75,000,000	10,000
Earthquake	50,000,000	1,000
Terrorism	1,000,000	
Electronic Data Processing:		
Blanket Hardware/Software, Extra Expense, Business Income, Transit, Debris Removal	3,702,484	1,000
Flood (Deductible for Zone A & Z) (Deductible All Other Flood Zones)		500,000 10,000
Equipment Breakdown		
Combined Single Limit/Accident for Property Damage & Business Income	100,000,000	5,000
Property Damage Included		5,000
Off Premises Property Damage	1,000,000	5,000
Extra Expense	10,000,000	5,000
Service Interruption	10,000,000	5,000
Perishable Goods	1,000,000	5,000
Data Restoration	1,000,000	5,000
Demolition	1,000,000	5,000
Ordinance or Law	1,000,000	5,000
Expediting Expense	1,000,000	5,000
Hazardous Substances	1,000,000	5,000
Newly Acquired Locations - 120 Days Notice	1,000,000	5,000
Crime Coverage:		
Public Employee Dishonesty	50,000	500
Theft, Disappearance & Destruction/Money Orders & Counterfeit Currency	5,000	500
Forgery or Alteration	50,000	500
Computer Fraud	250,000	1,000

Source: Morris Hills Regional School District records.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2022
UNAUDITED

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
School Package Policy -		
New Jersey Schools Insurance Group (NJSIG)		
Public Officials Bond		
Board Secretary - J Gilman (NJSIG)	\$400,000	
Treasurer - J Csatos (NJSIG)	400,000	
General Liability:		
Bodily Injury & Property Damage	11,000,000	
Products & Completed Operations	11,000,000	
Sexual Abuse	11,000,000	
Personal Injury & Advertising Injury	11,000,000	
Employee Benefits Liability	11,000,000	\$1,000
Premises Medical Payments	10,000 per accident 5,000 per person	
Terrorism	1,000,000	
Automotive Coverage:		
Combined Single Limit for Bodily Injury & Property Damage	11,000,000	1,000
Personal Injury Protection	250,000	
Medical Payments	10,000	
Underinsured	15,000	
Terrorism	1,000,000	
Garagekeepers	Included	
School Leaders Errors & Omissions		
Coverage A - protection against "loss"/Wrongful Acts	11,000,000	10,000
Coverage B - defense costs for specific administrative actions	100,000 per claim 300,000 aggregate	10,000 10,000
Retro Date	7/1/1986	
Workers' Compensation		
Part One	Statutory	
Part Two:		
Bodily Injury by Accident	2,000,000	
Bodily Injury by Disease	2,000,000	
Excess Liability (Starstone)	29,000,000	11,000,000
American International Group (AIG)		
Student Accident		
All School Base (AIG)	25,000	
Catastrophic (AIG)	7,500,000	25,000

Source: Morris Hills Regional School District records.

SINGLE AUDIT SECTION

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

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Morris Hills Regional 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 "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Morris Hills Regional School District, in the County of Morris (the "District") as of, and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 27, 2023.

Report on Internal Control Over Financial Reporting

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

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

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 or significant deficiencies may exist that were not identified.

The Honorable President and Members
of the Board of Education
Morris Hills Regional School District
Page 2

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

Mount Arlington, New Jersey
January 27, 2023

Nisivoccia, LLP
NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant



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Report on Compliance for Each Major Federal and State Program;
Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Board of Education of the Morris Hills Regional School District (the "District's") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2022. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal and State Program

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

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

The Honorable President and Members
of the Board of Education
Morris Hills Regional School District
Page 2

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis.

The Honorable President and Members
of the Board of Education
Morris Hills Regional School District
Page 3

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Mount Arlington, New Jersey
January 27, 2023

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell

Licensed Public School Accountant #884

Certified Public Accountant

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period		Program/ Award Amount	June 30, 2021		June 30, 2022		Amount Paid to Sub- Recipients
			From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Unearned Revenue	
			Cash Received	Budgetary Expenditures		Due to Grantor	Due to Grantor			
U.S. Department of Education -										
Passed-through State Department of Education:										
Special Revenue Fund:										
Special Education Cluster:										
	84.027	IDEA-3370-22	7/1/21	9/30/22	\$ 730,816		\$ 556,955	\$ (585,597)	\$ (28,642)	
	84.027	IDEA-3370-21	7/1/20	9/30/21	637,630	\$ (22,851)	22,851			
	84.027X	IDEA-3370-22	7/1/21	9/30/22	142,829		99,008	(117,456)	(18,448)	
		Total Special Education Cluster				(22,851)	678,814	(703,053)	(47,090)	
Elementary and Secondary Education Act:										
	84.010	ESEA-3370-22	7/1/21	9/30/22	207,081		153,704	(204,863)	(51,159)	
	84.010	ESEA-3370-21	7/1/20	9/30/21	160,840	(58,840)	58,840			
		Subtotal Title I - Part A				(58,840)	212,544	(204,863)	(51,159)	
	84.367A	ESEA-3370-22	7/1/21	9/30/22	43,755		40,754	(43,755)	(3,001)	
	84.367A	ESEA-3370-21	7/1/20	9/30/21	42,213	(296)	296			
		Subtotal Title II - Part A				(296)	41,050	(43,755)	(3,001)	
	84.365A	ESEA-3370-22	7/1/21	9/30/22	15,787		8,155	(13,390)	(5,235)	
	84.365A	ESEA-3370-21	7/1/20	9/30/21	4,732	(945)	945			
		Subtotal Title III - Immigrant				(945)				
	84.424	ESEA-3370-22	7/1/21	9/30/22	12,303		5,000	(12,303)	(12,303)	
	84.424	ESEA-3370-21	7/1/20	9/30/21	10,711	(5,000)	5,000			
		Subtotal Title IV				(5,000)				
		Total Elementary and Secondary Education Act				(65,081)	267,694	(274,311)	(71,698)	
Education Stabilization Fund:										
COVID-19 - CRRSA:										
	84.425D	S425D210027	3/13/20	9/30/23	552,449		222,719	(552,449)	(329,730)	
	84.425D	S425D210027	3/13/20	9/30/23	45,000		16,250	(36,745)	(20,495)	
	84.425D	S425D210027	3/13/20	9/30/23	35,453	(19,148)	35,431	(16,283)		
		COVID-19 ARP Consolidated:					310,496	(1,096,362)	(785,866)	
	84.425U	S425U210027	3/13/20	9/30/24	1,241,594		29,403	(593)	\$ 28,810	
	84.425U	S425U210027	3/13/20	9/30/24	214,873		9,850	(12,282)	(2,432)	
		Evidence-Based Comprehensive Beyond the School Day Activities			40,000	(19,148)	624,149	(1,714,714)	(1,138,523)	28,810
		Total Education Stabilization Fund				(107,080)	1,570,657	(2,692,078)	(1,257,311)	28,810
		Total U.S. Department of Education								
U.S. Department of Homeland Security:										
Passed-through Federal Emergency Management Agency:										
	97.036	N/A	1/31/21	2/2/21	28,510		28,510	(28,510)	*	
		Disaster Grants - Public Assistance - FEMA January 2021 Snowstorm					28,510	(28,510)		
		Total U.S. Department of Homeland Security								

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period		Program/ Award Amount	June 30, 2021		June 30, 2022		Amount Paid to Sub- Recipients	
			From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Budgetary Expenditures	Unearned Revenue		Due to Grantor
			Cash Received	(Accounts Receivable)		(Accounts Receivable)	Revenue				
U.S. Department of Treasury - Passed-through State Department of Education: Special Revenue Fund: American Rescue Plan - Coronavirus State and Local Fiscal Recovery Funds: ACSERS	21.027	N/A	7/01/21	6/30/22	\$36,240		\$36,240	\$ (36,240)			
COVID-19 - Nonpublic Digital Divide	21.019	S377A130031	7/16/20	10/31/20	22,534		\$ 10		\$ 10		
Total U.S. Department of Treasury							10	36,240	(36,240)	10	
Total Special Revenue Fund							10	1,635,407	(2,756,828)	10	
U.S. Department of Agriculture - Passed- through State Department of Agriculture: Child Nutrition Cluster: School Breakfast Program - COVID-19 Seamless Summer Option	10.553	N/A	7/1/21	6/30/22	304,960			283,146	(304,960)	(21,814)	
COVID-19 Seamless Summer Option	10.553	N/A	7/1/20	6/30/21	71,897		(4,226)	4,226			
Subtotal School Breakfast Program							(4,226)	287,372	(304,960)	(21,814)	
National School Lunch Program - COVID-19 Seamless Summer Option	10.555	N/A	7/1/21	6/30/22	1,523,893			1,456,701	(1,523,893)	(67,192)	
COVID-19 Seamless Summer Option	10.555	N/A	7/1/20	6/30/21	136,223		(24,955)	24,955			
Subtotal National School Lunch Program							(24,955)	1,481,656	(1,523,893)	(67,192)	
COVID 19 - Emergency Operational Cost Program - Schools	10.555	N/A	3/13/20	6/30/21	25,740			25,740	(25,740)		
Federal Food Distribution Program	10.555	N/A	7/1/21	6/30/22	60,208			60,208	(60,208)		
Total Child Nutrition Cluster							(29,181)	1,854,976	(1,914,801)	(89,006)	
COVID 19 - Pandemic EBT Food Benefits	10.542	N/A	7/1/21	6/30/22	1,242			1,242	(1,242)		
Total U.S. Department of Agriculture							(29,181)	1,856,218	(1,916,043)	(89,006)	
U.S. Department of Health and Human Services - Passed-through State Department of Human Services: Medicaid Cluster: Medicaid Assistance Program - (SEMI)	93.778	N/A	7/1/21	6/30/22	2,379			2,379	(2,379)		
Total U.S. Department of Health and Human Services/Medicaid Cluster								2,379	(2,379)		
Total Federal Awards							\$ (136,261)	\$ 10 \$3,494,004	\$ (4,675,250)	\$ (1,346,317)	
								\$ 28,810	\$ 28,810	\$ 10 \$ -0-	

N/A - Not Available/Applicable.
* - Expended in prior year

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period From	Grant Period To	Program or Award Amount	June 30, 2021		Cash Received	Budgetary Expenditures	Repayment of Balances	June 30, 2022		MEMO
					Budgetary Unearned Revenue/	Due to Grantor				GAAAP	Due to Grantor	
					(Accounts Receivable)	(Accounts Receivable)				(Accounts Receivable)	(Accounts Receivable)	
State Department of Education:												
General Fund:												
Equalization Aid	22-495-034-5120-078	7/1/21	6/30/22	\$ 3,725,355		\$ 3,365,637	\$ (3,725,355)			\$ (359,718)	\$ 3,725,355	
Equalization Aid	21-495-034-5120-078	7/1/20	6/30/21	3,725,355	\$ (355,835)	355,835	(554,744)			(53,566)	554,744	
Transportation Aid	22-495-034-5120-014	7/1/21	6/30/22	554,744	(52,988)	52,988	(2,642,356)			(255,144)	2,642,356	
Transportation Aid	21-495-034-5120-014	7/1/20	6/30/21	554,744	(200,069)	200,069	(1,871,232)			(180,685)	1,871,232	
Special Education Categorical Aid	22-495-034-5120-089	7/1/21	6/30/22	2,094,593	(175,861)	1,690,547	(58,232)			(5,623)	58,232	
Special Education Categorical Aid	21-495-034-5120-089	7/1/20	6/30/21	2,094,593	(5,562)	5,562	(1,694,613)			(1,694,613)	1,694,613	
School Choice Aid	22-495-034-5120-068	7/1/21	6/30/22	1,841,152	(1,840,204)	1,840,204	(20,720)			(20,720)	20,720	
School Choice Aid	21-495-034-5120-068	7/1/20	6/30/21	1,841,152	(20,334)	20,334						
Security Aid	22-495-034-5120-084	7/1/21	6/30/22	58,232		2,565,992	(2,565,992)				2,565,992	
Security Aid	21-495-034-5120-084	7/1/20	6/30/21	58,232		10,829,860	(10,829,860)				10,829,860	
Extraordinary Special Education Costs	22-495-034-5120-044	7/1/21	6/30/22	1,694,613		152,794	(152,794)				152,794	
Extraordinary Special Education Costs	21-495-034-5120-044	7/1/20	6/30/21	1,694,613		3,073	(3,073)				3,073	
Nonpublic School Transportation Costs	22-495-034-5120-014	7/1/21	6/30/22	20,720		1,986,658	(2,089,305)			(102,647)	2,089,305	
Nonpublic School Transportation Costs	21-495-034-5120-014	7/1/20	6/30/21	20,334		99,117						
On-Behalf TPAF Contributions:												
Post Retirement Medical	22-495-034-5094-001	7/1/21	6/30/22	2,565,992		26,285,530	(26,208,276)			(1,817,980)	26,208,276	
Pension	22-495-034-5094-002	7/1/21	6/30/22	10,829,860								
Non-Contributory Insurance	22-495-034-5094-004	7/1/21	6/30/22	152,794								
Long-Term Disability Insurance	22-495-034-5094-004	7/1/21	6/30/22	3,073								
Reimbursed TPAF Social Security Aid	22-495-034-5094-003	7/1/21	6/30/22	2,089,305								
Reimbursed TPAF Social Security Aid	21-495-034-5094-003	7/1/20	6/30/21	1,990,393								
Total General Fund State Aid												
Special Revenue Fund:												
NJ Nonpublic Aid:												
Textbook Aid (Chapter 194)	22-100-034-5120-064	7/1/21	6/30/22	29,890		29,890	(29,702)			\$ 188	29,702	
Textbook Aid (Chapter 194)	21-100-034-5120-064	7/1/20	6/30/21	31,645	\$ 1,924							
Nursing Services (Chapter 226)	22-100-034-5120-070	7/1/21	6/30/22	55,776		55,776	(55,481)			295	55,481	
Nursing Services (Chapter 226)	21-100-034-5120-070	7/1/20	6/30/21	52,836	2,465							
Technology Initiative	22-100-034-5120-373	7/1/21	6/30/22	20,916		20,916	(20,834)			82	20,834	
Security Aid	22-100-034-5120-509	7/1/21	6/30/22	73,325		73,325	(68,971)			4,354	68,971	
Security Aid	21-100-034-5120-509	7/1/20	6/30/21	75,075	16,343							
Auxiliary Services (Chapter 192):												
Compensatory Education	22-100-034-5120-067	7/1/21	6/30/22	89,401		89,401	(88,326)			1,075	88,326	
Compensatory Education	21-100-034-5120-067	7/1/20	6/30/21	83,956	4,336							
Home Instruction	22-100-034-5120-067	7/1/21	6/30/22	1,144			(1,144)				1,144	
Home Instruction	21-100-034-5120-067	7/1/20	6/30/21	9,806	(9,806)							

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	June 30, 2021		Cash Received	Budgetary Expenditures	Repayment of Balances	June 30, 2022		MEMO
		From	To		Budgetary Unearned Revenue/(Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	
State Department of Education:												
Special Revenue Fund:												
NJ Nonpublic Aid:												
Handicapped Services (Chapter 193):												
Examination & Classification	22-100-034-5120-066	7/1/21	6/30/22	\$ 72,434	\$ 72,434	\$ (68,642)	\$ (372)	\$ 3,792			\$ 3,792	\$ 68,642
Examination & Classification	21-100-034-5120-066	7/1/20	6/30/21	62,641	\$ 372							
Supplementary Instruction	22-100-034-5120-066	7/1/21	6/30/22	70,871		(70,045)		826				70,045
Supplementary Instruction	21-100-034-5120-066	7/1/20	6/30/21	69,535	1,051							
Corrective Speech	22-100-034-5120-066	7/1/21	6/30/22	930		(744)		186				744
Subtotal Special Revenue Fund				\$ (9,806)	26,491	(403,889)	(26,491)	\$ (1,144)	10,798	\$ (1,144)		403,889
State School Lunch Program -												
COVID-19 Seamless Summer Option	22-100-010-3350-023	7/1/21	6/30/22	35,882		(35,882)				(1,546)		35,882
COVID-19 Seamless Summer Option	21-100-010-3350-023	7/1/20	6/30/21	6,028	(570)							6,028
Supplemental	21-100-010-3350-023	7/1/20	6/30/21	795	(795)							795
Total Enterprise Fund				(1,365)	35,701	(35,882)		(1,546)		(1,546)		42,705
Total State Department of Education				(2,761,141)	26,491	(26,648,047)	(26,491)	(1,820,670)	10,798	(2,675,406)		26,654,870
Schools Development Authority:												
Special Revenue Fund:												
New Jersey Schools Development Authority:												
Emergent and Capital Maintenance												
Needs Grant	N/A	7/1/21	6/30/22	75,865		(75,865)						75,865
Total Schools Development Authority/Subtotal Special Revenue Fund				(9,806)	26,491	(75,865)	(26,491)	(1,144)	10,798	(1,144)		75,865
Total Special Revenue Fund				(9,806)	26,491	(479,754)	(26,491)	(1,144)	10,798	(1,144)		479,754
TOTAL STATE AWARDS				(2,761,141)	\$26,820,445	(26,723,912)	\$ (26,491)	\$ (1,820,670)	\$10,798	\$ (2,675,406)		\$26,730,735

Less - State Awards Not Subject to Single Audit Major Program Determination:

On-Behalf TPAF Pension System Contributions:												
Post-Retirement Medical	22-495-034-5094-001	7/1/21	6/30/22	2,565,992								2,565,992
Pension	22-495-034-5094-002	7/1/21	6/30/22	10,829,860								10,829,860
Non-Contributory Insurance	22-495-034-5094-004	7/1/21	6/30/22	152,794								152,794
Long-Term Disability Insurance	22-495-034-5094-004	7/1/21	6/30/22	3,073								3,073

TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION

\$ (13,172,193)

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include federal and state awards activity of the Board of Education, Morris Hills Regional School District under programs of the federal and state governments for the fiscal year ended June 30, 2022. The information in these schedules are presented in accordance with 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 elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund, special revenue fund and capital projects 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 in the current budget year, which is mandated pursuant to P.L. 2003, C.97 (A3521). For GAAP purposes, those 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. 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 award but is not recognized on the GAAP basis until expended and submitted for reimbursement.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

The net adjustment to reconcile revenue from the budgetary basis to the GAAP basis is (\$64,421) for the general fund and (\$893,583) for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds.

Awards and financial assistance revenue are reported on the Board's financial statements on the GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 2,379	\$26,143,855	\$26,146,234
Special Revenue Fund	1,927,990	415,009	2,342,999
Food Service Enterprise Fund	<u>1,916,043</u>	<u>35,882</u>	<u>1,951,925</u>
Total Financial Assistance	<u>\$ 3,846,412</u>	<u>\$26,594,746</u>	<u>\$30,441,158</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2022. Revenue and expenditures reported under the Federal Food Distribution Program represent current fiscal year value received and current fiscal year distributions, respectively.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and NJ OMB 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- 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 single audit thresholds identified in the Uniform Guidance and New Jersey's OMB Circular 15-08 were \$750,000.
- The threshold used for distinguishing between Type A and Type B federal and state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for both federal and state programs.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	<u>Assistance Listing/ State Grant Numbers</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Education Stabilization Fund:				
COVID-19 - CRRSA:				
ESSER II	84.425D	3/13/20-9/30/23	\$ 552,449	\$ 552,449
Mental Health	84.425D	3/13/20-9/30/23	45,000	36,745
Learning Acceleration	84.425D	3/13/20-9/30/23	35,453	16,283
COVID-19 ARP Consolidated:				
ESSER III	84.425U	3/13/20-9/30/24	1,241,594	1,096,362
Accelerated Learning Coaching and Educator Support	84.425U	3/13/20-9/30/24	214,873	593
Evidence-Based Comprehensive Beyond the School Day Activities	84.425U	3/13/20-9/30/24	40,000	12,282
Child Nutrition Cluster:				
School Breakfast Program:				
COVID-19 Seamless Summer Option	10.553	7/1/21-6/30/22	304,960	304,960
National School Lunch Program:				
COVID-19 Seamless Summer Option	10.555	7/1/21-6/30/22	1,523,893	1,523,893
COVID-19 Emergency Operational Cost				
Program - Schools	10.555	3/13/20-6/30/21	25,740	25,740
Federal Food Distribution Program	10.555	7/1/21-6/30/22	60,208	60,208
<u>State:</u>				
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	3,725,355	3,725,355
Special Education Categorical Aid	22-495-034-5120-089	7/1/21-6/30/22	2,642,356	2,642,356
School Choice Aid	22-495-034-5120-068	7/1/21-6/30/22	1,871,232	1,871,232
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	58,232	58,232

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.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Status of Prior Fiscal Year Findings:

The District had no prior fiscal year audit findings.