

**Annual Comprehensive  
Financial Report**

**of the**

**Morris Plains Borough School District**

**Morris Plains, New Jersey**

**For the Fiscal Year Ended June 30, 2022**

**Prepared by**

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

**BOROUGH OF MORRIS PLAINS  
SCHOOL DISTRICT**

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

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

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INTRODUCTORY SECTION  
(UNAUDITED)



*Navigating a changing world through excellence and innovation*

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

October 26, 2022

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

Dear Honorable President and Board Members:

The annual comprehensive financial report of the Morris Plains Borough School District for the fiscal year ended June 30, 2022, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of officials and a list of consultants and advisors. The financial section includes The Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

#### 1) REPORTING ENTITY AND ITS SERVICES:

The Morris Plains Borough School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Morris Plains Borough School District and its schools constitute the District's reporting entity.

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***The Community of Caring***

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

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

2) ECONOMIC CONDITION AND OUTLOOK:

Morris Plains remains financially healthy. The District is currently carrying the maximum 4% unassigned budgetary basis fund balance to provide funding for the reduction in state aid, emergency funding, and to provide necessary reserves for future contingencies. In addition, the District has established tuition and maintenance reserves to help the District manage financially with the state restricted tax levy budget cap of 2%. A capital reserve for the local funding portion of future capital projects contained in the District's Long Range Facility Plan totals \$1,672,155. The Morris Plains community is experiencing the impact of the current economic condition in the United States. The District has worked very hard to minimize the tax impact to the community.

3) MAJOR INITIATIVES:

The Morris Plains School District offers a superior curricular and instructional program to its students. Our curriculum aligns with the New Jersey Core Curriculum Content Standards in all nine areas, and over recent years, we have invested in program improvements, professional development, and state of the art resources to ensure that our students master the skills and content necessary to support 21 51 century learning. In response to the pandemic, and to support a daily, in-person schedule for all students, additional staff, cleaning supplies, PPE, and other mitigation strategies were employed to reduce class sizes and maximize student and staff safety. Below is a summary of the initiatives included in the subject areas:

**Math:**

Master schedules at both schools support block periods of mathematics instruction. The District continued to promote professional development opportunities for all math teachers, with a focus on teaching strategies (Math Workshop), instructional programs, and NJSL standards. The District revised math curriculum across each grade level to address identified learning gaps. The District continued to secure updated math resources and manipulatives, and continued to implement math-based diagnostic assessments and digital learning tools (i.e. iXL, Dibels, BrainPop, etc.) In addition, the District continued to offer support for students who qualify for Basic Skills in grades Kindergarten through 8th grade. The District selected new math programs for general education students (K-5) and special education students (**K-8**). Additionally, the District piloted Math 180 for our Borough School RISE students. The District offered a virtual Geometry class to meet the needs of our accelerated students. Lastly, the District established an Emotionally Disturbed Classroom (ED - STARS) in Borough School to support the delivery of instruction across all content areas for our most challenged student learners.



### 3) MAJOR INITIATIVES: (Cont'd)

#### **Science:**

In Borough School, science instruction was delivered every other day, following a block schedule. Content was delivered through the digital resource, Techbook. In Mountain Way School, grade level teachers integrated science instruction into their daily lesson plans, serving both in-person and remote students. Teachers utilized non-consumable and digital-based resources to deliver their instruction. The District continued to fund and support STEM classes at both schools, integrated into the Related Arts cycles. The District funded curriculum writing to draft a K-8 STEM curriculum. The District established an Emotionally Disturbed Classroom (ED STARS) in Borough School to support the delivery of instruction across all content areas for our most challenged student learners.

The District maintained a strong partnership with NJIT, who donated hands-on science and STEM-related resources to the district valued at \$SK. In addition, the District continued to participate in the NJIT-based LiFE grant, an after-school club for 3rd and 4th grade girls designed to increase the number of women persisting in STEM pathways. Also, Borough School participated in the STEM for Success Sweepstakes program and was selected as a winner, securing \$500 for the Borough School STEM program. The Education Foundation of Morris Plains donated approximately \$SK of STEM-based furniture to support a STAR Lab in Mountain Way. Throughout the year, professional development resources were made available for science teachers to continue supporting their efforts to build authentic, inquiry-based and STEAM activities against the NJSLS. Funds continued to be dedicated to support hands-on, exploratory learning experiences for our students. The District utilized iXL to benchmark students, provide additional instructional material, etc. Lastly, the District continued to partner with Proyecto Science, providing an enriching program for seventh grade students during summer recess.

#### **Language Arts:**

Similar to Math, Language Arts was delivered in block periods to all students K-8. The District implemented balanced literacy programs to support LAL instruction across all grade levels. The District continued to invest in early literacy intervention training opportunities designed to build capacity and deepen understanding, which included the expansion of Foundations through third grade. The District continued to support LAL-based diagnostic assessments and digital learning tools (i.e. iXL, Dibels, BrainPop, etc.). The District provided Soudy Kits to all language arts-based, in-class support and resource room classes for grades K-6. The District worked with Visions FCU to secure donated books for every 3rd and 4th grade student. The District allocated funds to support Kindergarten reading program curriculum writing. Also, the District piloted Read 180 for Borough School RISE students and implemented Project Read across all LAL resource rooms (K-8). The District established an Early Kindergarten intervention program to support reading comprehension, and developed a K& I assessment and reading program. The District established an Emotionally Disturbed Classroom (ED - STARS) in Borough School to support the delivery of instruction across all content areas for our most challenged student learners. Lastly, the District continued to utilize staff to drive professional development needs.

### 3) MAJOR INITIATIVES: (Cont'd)

#### **Social Studies:**

In Borough School, social studies instruction was delivered every other day, following a block schedule. Content was delivered through the digital resource, Techbook. In Mountain Way School, grade level teachers integrated social studies utilizing non-consumable and digital-based resources.

The District continued promoting professional development and support in understanding the social studies curriculum, instructional program, and the NJSLS. This included supporting teacher-led professional development opportunities, and personalized professional development planning. In addition, the District expanded Project Read training to in-class support social studies teachers and piloted LINC for in-class support social studies classes in Borough School. The Borough School social studies teachers implemented LGBTQ resources into their instruction, and addressed key NJDOE mandates. Lastly, the District established an Emotionally Disturbed Classroom (ED - STARS) in Borough School to support the delivery of instruction across all content areas for our most challenged student learners.

#### **21<sup>st</sup> Century Life and Careers:**

The District continued to invest in the implementation of 21st Century Life and Careers Curriculum. The District continued to revise the Related Arts curriculum to include technology that is more meaningful and problem-based learning opportunities for students, which included coding, TV production, digital communication, etc. The school counselors continued to lead classroom lessons, providing individual counseling, case management, design and implementation of character education programs, etc. The District continued maintaining collaborative relationships with local colleges and universities. The District offered electives for 8th grade students, and provided a wide array of co-curricular offerings for students. Borough School established a new 8th grade elective, Graphic Designing, and secured Apple Pens/iPads to support the course. The District implemented monthly Second Step lessons, a SEL-based curriculum designed to support students' social and emotional needs. Additionally, the District worked with the EFMP to obtain SEL elementary kits for Mountain Way students. The District worked with school community organizations to schedule meaningful assemblies and student-based programs. This included partnering with MPMAC to bring "Be a Buddy, Not a Bully" program to Mountain Way and a seventh grade Borough program titled, "7 Habits of Highly Effective Teens." Both schools redesigned several classrooms to establish a Sensory Room. The District secured a SEL/DEI consultant for the district, Mr. Patrick Fennell, and coordinated numerous training sessions for staff and administration. The District coordinated and participated in HIB Training for members of the administrative team, led by the school attorney, and facilitated Nurtured Heart Approach training for all RISE and STARS staff. The District launched an eSports program at Borough School and competed in league play during the winter sports season. The District established a Beyond Differences Club and provided funding for the advisor position.

### 3) MAJOR INITIATIVES: (Cont'd)

#### **Visual and Performing Arts**

Technology resources and online-tools were purchased to enhance the students' learning experiences. Throughout the year, the District worked with a consultant to provide professional development opportunities to support STEAM and Arts Integration. In addition, the district worked with the local Education Foundation to implement a Dance Residency for second grade students. Lastly, the District funded stipends to support concerts and performances.

#### **Comprehensive Health and Physical Education:**

The District continued ongoing professional development for staff in best practices in Health and Physical Education. The District continued to employ a Physical Education Aide to help meet the needs of all students, and prepared a 2022-2023 budget that included a part-time Physical Education teacher. The District facilitated an 8th grade assembly, which addressed sexual assault, led by Morristown Medical Center and scheduled several Family Yoga events, through the MPEA.

#### **World Language:**

World language instruction was delivered both virtually and in-person by a certified staff member. The District continued to purchase supplemental instructional material to use for curriculum support, and continued to review materials and technology resources to support the recently adopted NJ Model Curriculum. Course program changes were made for the 2021-2022 school year, including the creation of an Introduction to Spanish course in Borough School.

#### **Technology:**

The District continued to dedicate funding to support both technology management and instructional technology use throughout the District. The District eliminated the Network Technology Manager and created an IT Coordinator position. Also, the District continued to utilize third party vendors to support infrastructure and security management. The District continued to support the integration of Google Apps for Education (G Suite), and expanded the I: I Chromebook initiative to all students, K-8. The District purchased and piloted Atlas to support curriculum, writing, mapping, and scope and sequence. The District transitioned to Go Guardian to support the expanded use of technology inside and outside the classroom. The District worked with the Morris County Prosecutor's Office to schedule a cyberbullying presentation for Borough School students, grades 5-8. The District made several enhancements to the infrastructure, including replacing switches, the anti-virus, and battery backups. The District rewired and relocated the MDF at Mountain Way. The District deployed Class Link to streamline instruction. The District continued purchasing online assessment programs, textbooks, and supplemental resources to support learners as producers, as well as continued to increase digital learning experiences for students and digital professional learning experiences for staff. The District continued to support technology standards through all content areas and unified arts programs . The District transitioned their website and emergency notification system providers to School Messenger, and replaced the PA system in Borough School.

The District prepared a 2022-2023 budget that included V7 interactive boards and voice amplification systems for every classroom; along with security cameras, backup servers, and firewall replacements.

#### 4) INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

#### 5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund and the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

#### 6) ACCOUNTING SYSTEM AND REPORTS:

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

#### 7) CASH MANAGEMENT:

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

The Honorable President and Members  
of the Board of Education  
Morris Plains Borough School District  
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8) RISK MANAGEMENT:

The Board carries various forms of insurance, including, but not limited to, workers compensation, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A Schedule of Insurance Coverage is found on Exhibit J-20.

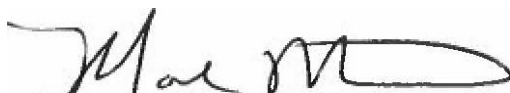
9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education at its last organization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

10) ACKNOWLEDGMENTS:

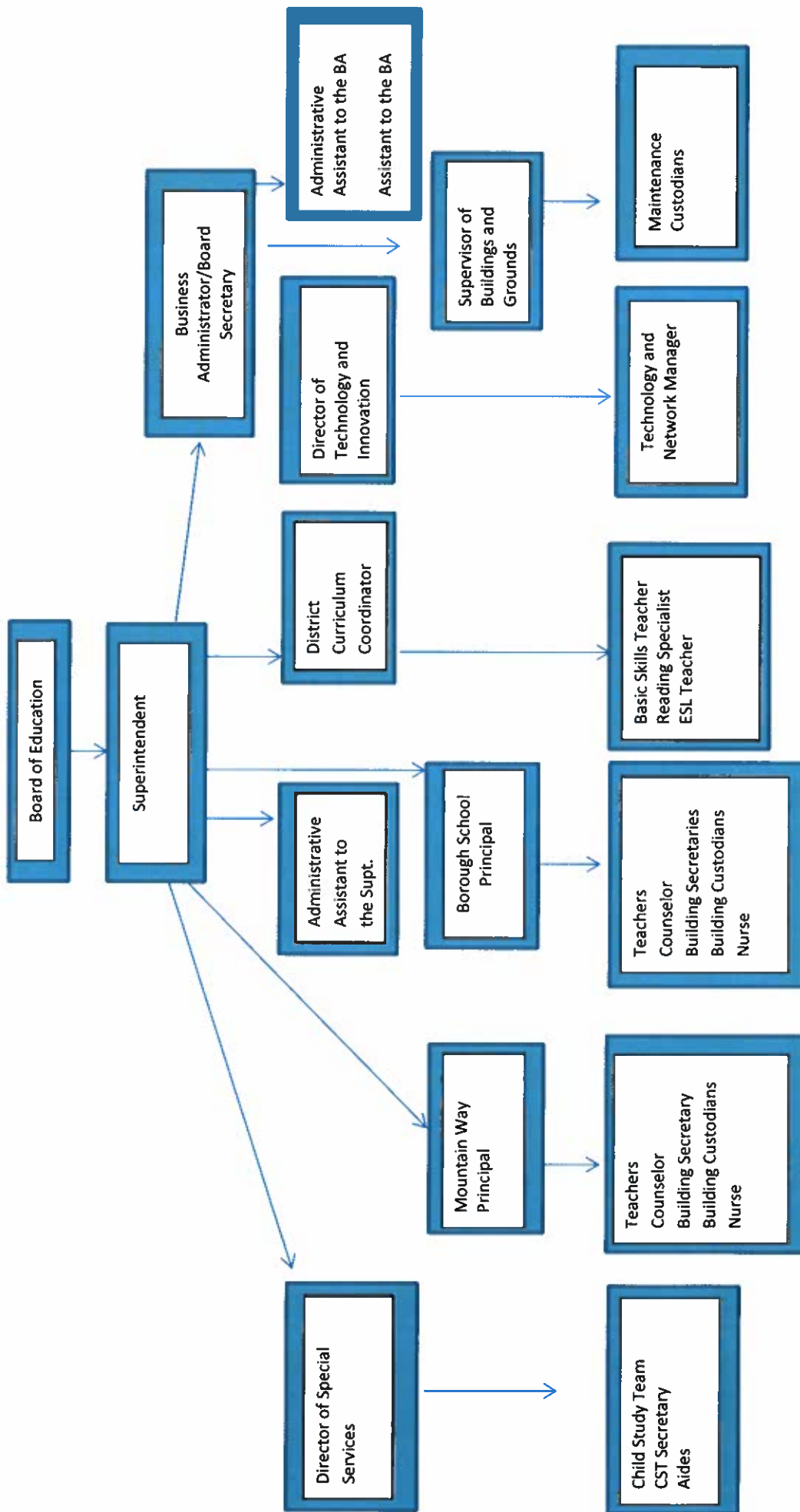
We would like to express our appreciation to the members of the Board of the Morris Plains Borough School District for their concern in providing fiscal accountability to the citizens and taxpayers of the school District and thereby contributing their full support to the development and maintenance of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

Respectfully submitted,

  
Mark Maire, Superintendent

  
Catherine Jenisch, Business Administrator

**MORRIS PLAINS SCHOOL DISTRICT - ORGANIZATIONAL CHART - August 2020**



**MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
 ROSTER OF OFFICIALS  
 JUNE 30, 2022**

<u>Members of the Board of Education</u>		Expiration of Term
Mrs. Christina Perry, President		2022
Mr. Adam Higgins, Vice-President		2022
Mrs. Diane Del Russo		2024
Ms. Lucia Galdi		2024
Mrs. Shawna Longo		2023
Mrs. Amy Lyons		2024
Mrs. Maria Manley		2022
Dr. Denise Rawding		2023
Mrs. Jessica Williams		2023

<u>Other Officials</u>	Title
Mr. Mark Maire	Superintendent
Ms. Catherine Jenisch	Business Administrator/Board Secretary

**MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
Consultants and Advisors**

**Audit Firm**

Nisivoccia LLP, CPAs  
200 Valley Road, Suite 300  
Mount Arlington, New Jersey 07856  
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Newton, New Jersey 07860  
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Bridgewater, New Jersey 08807

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Morristown, New Jersey 07962

**Architects**

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

**Official Depository**

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



FINANCIAL SECTION

## Independent Auditors' Report

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

### **Report on the Audit of the Financial Statements**

#### ***Qualified Opinion***

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 Plains Borough 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2022, and the changes in financial position, and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Qualified Opinion***

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 qualified audit opinion.

#### ***Matter Giving Rise to Qualified Opinion***

The District’s note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan (“SHBP”) has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 20 to the financial statements, the District implemented GASB Statement No. 87, *Leases*, during the fiscal year ended June 30, 2022. Our opinions are not modified with respect to this matter.

***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.

The Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios do not contain the June 30, 2021 OPEB information as the related GASB No. 75 report for SHBP has not been released by the State as of the date of this report. This required supplementary information is required to be presented to supplement the basic financial statements in accordance with accounting principles generally accepted in the United States of America. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***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 October 26, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

October 26, 2022  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Valerie A. Dolan*  
\_\_\_\_\_  
Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

## Morris Plains Borough School District Management Discussion and Analysis

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

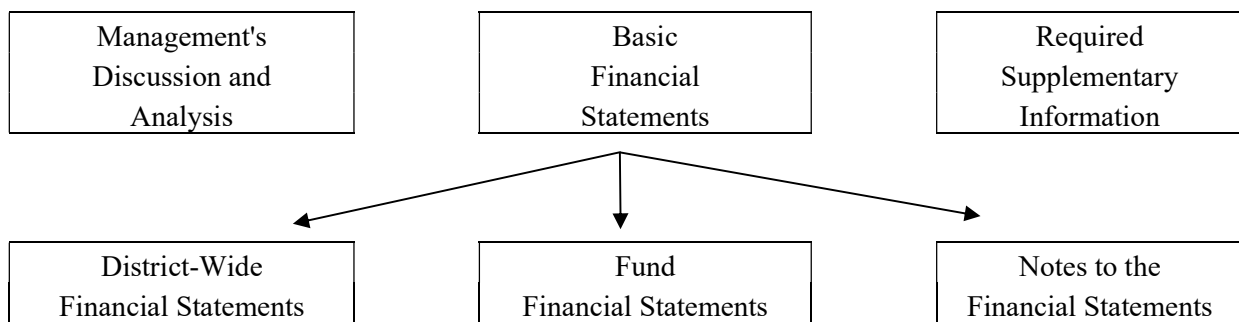
### Overview of the Financial Statements

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

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District’s operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short- and long-term* financial information about the activities the District operates like a business, such as food services.
- *Notes to Basic Financial Statements*: Provide additional information essential to a full understanding of the district-wide and fund financial statements.

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

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



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

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

**Figure A-2**

*Major Features of the District-Wide and Fund Financial Statements*

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
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
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>
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 up and liabilities that come due during the year or soon thereafter; no capital assets, lease assets or long-term liabilities 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 year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid



## Morris Plains Borough School District Management Discussion and Analysis

### District-wide Statements

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

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

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

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

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

### Fund Financial Statements

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

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

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

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

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

**Financial Analysis of the District as a Whole**

*Net Position.* The District’s combined net position increased \$1,467,469. Net position from governmental activities increased by \$1,426,325 combined with an increase in net position from business-type activities of \$41,144. Net investment in capital assets decreased by \$176,484, restricted net position increased by \$1,196,178 and unrestricted net position increased by \$447,775.

**Figure A-3**

**Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Total
	(Restated)				(Restated)		Percentage
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	Change
Current and Other Assets	\$ 6,313,304	\$ 5,394,176	\$ 88,265	\$ 29,632	\$ 6,401,569	\$ 5,423,808	
Capital Assets, Net	17,740,620	18,543,109	13,625	17,010	17,754,245	18,560,119	
Lease Assets, Net	335,820	203,069			335,820	203,069	
Total Assets	<u>24,389,744</u>	<u>24,140,354</u>	<u>101,890</u>	<u>46,642</u>	<u>24,491,634</u>	<u>24,186,996</u>	1.26%
Deferred Outflow of Resources	<u>415,757</u>	<u>667,257</u>			<u>415,757</u>	<u>667,257</u>	-37.69%
Other Liabilities	645,929	630,536	23,034	8,931	668,963	639,467	
Long-Term Liabilities	7,060,888	8,478,361			7,060,888	8,478,361	
Total Liabilities	<u>7,706,817</u>	<u>9,108,897</u>	<u>23,034</u>	<u>8,931</u>	<u>7,729,851</u>	<u>9,117,828</u>	-15.22%
Deferred Inflows of Resources	<u>1,156,359</u>	<u>1,182,714</u>			<u>1,156,359</u>	<u>1,182,714</u>	-2.23%
Net Position:							
Net Investment in Capital Assets	12,989,393	13,162,492	13,625	17,010	13,003,018	13,179,502	
Restricted	4,431,768	3,235,590			4,431,768	3,235,590	
Unrestricted/(Deficit)	<u>(1,478,836)</u>	<u>(1,882,082)</u>	<u>65,231</u>	<u>20,702</u>	<u>(1,413,605)</u>	<u>(1,861,380)</u>	
Total Net Position	<u>\$ 15,942,325</u>	<u>\$ 14,516,000</u>	<u>\$ 78,856</u>	<u>\$ 37,712</u>	<u>\$ 16,021,181</u>	<u>\$ 14,553,712</u>	10.08%

*Changes in Net Position.* The District’s combined net position was \$16,021,181 on June 30, 2022, or \$1,467,469 more than it was the year before. The increase in the net position was primarily due to the increases in restricted net position. (See Figure A-3).

## Morris Plains Borough School District Management Discussion and Analysis

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	
<b>Revenue:</b>							
Program Revenue:							
Charges for Services	\$ 184,556	\$ 130,842		\$ 4,001	\$ 184,556	\$ 134,843	
Operating Grants & Contributions	3,879,470	3,732,722	\$ 257,303	123,895	4,136,773	3,856,617	
General Revenue:							
Property Taxes	18,077,144	17,770,855			18,077,144	17,770,855	
Unrestricted Federal and State Aid	748,696	730,338			748,696	730,338	
Other	91,999	196,483	718	18	92,717	196,501	
<b>Total Revenue</b>	<b>22,981,865</b>	<b>22,561,240</b>	<b>258,021</b>	<b>127,914</b>	<b>23,239,886</b>	<b>22,689,154</b>	<b>2.43%</b>
<b>Expenses:</b>							
Instruction	9,156,832	9,469,124			9,156,832	9,469,124	
Pupil and Instruction Services	6,885,022	7,608,569			6,885,022	7,608,569	
Administrative and Business	1,834,138	1,697,868			1,834,138	1,697,868	
Maintenance and Operations	1,385,650	1,187,284			1,385,650	1,187,284	
Transportation	918,337	990,661			918,337	990,661	
Other	1,375,561	1,844,577	215,728	141,838	1,591,289	1,986,415	
<b>Total Expenses</b>	<b>21,555,540</b>	<b>22,798,083</b>	<b>215,728</b>	<b>141,838</b>	<b>21,771,268</b>	<b>22,939,921</b>	<b>-5.09%</b>
Transfers/ Other Item		(32,937)	(1,149)	32,937	(1,149)	-0-	0.00%
<b>Increase/(Decrease) in Net Position</b>	<b>\$ 1,426,325</b>	<b>\$ (269,780)</b>	<b>\$ 41,144</b>	<b>\$ 19,013</b>	<b>\$ 1,467,469</b>	<b>\$ (250,767)</b>	<b>-685.19%</b>

### Governmental Activities

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

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

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial obligation placed on the District's taxpayers by each of these functions:

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

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

	<u>Total Costs of Services</u>		<u>Net Cost of Services</u>	
	<u>2021/22</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2020/21</u>
Instruction	\$ 9,156,832	\$ 9,469,124	\$ 5,919,241	\$ 5,956,003
Pupil and Instruction Services	6,885,022	7,608,569	6,582,397	7,561,367
Administrative and Business	1,834,138	1,697,868	1,469,164	1,492,199
Maintenance and Operations	1,385,650	1,187,284	1,329,164	1,185,684
Transportation	918,337	990,661	815,987	894,689
Other	1,375,561	1,844,577	1,375,561	1,844,577
	<u>\$ 21,555,540</u>	<u>\$ 22,798,083</u>	<u>\$ 17,491,514</u>	<u>\$ 18,934,519</u>

**Business-Type Activities**

Net position from the District’s business-type activity increased by \$41,144, (Refer to Figure A-4). The primary factor contributing to this result was increased federal funding for the lunch program.

**General Fund Budgetary Highlights**

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

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

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

**Capital Asset Administration**

**Figure A-6**

**Capital Assets (net of depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2021/22
	(Restated)				(Restated)		
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	
Sites	\$ 951,200	\$ 951,200			\$ 951,200	\$ 951,200	
Construction in Progress		33,500				33,500	
Site Improvements	128,107	182,813			128,107	182,813	
Buildings & Building Improvements	16,356,234	17,021,100			16,356,234	17,021,100	
Furniture, Machinery & Equipment	305,079	354,496	\$ 13,625	\$ 17,010	318,704	371,506	
<b>Total</b>	<b>\$17,740,620</b>	<b>\$18,543,109</b>	<b>\$ 13,625</b>	<b>\$ 17,010</b>	<b>\$17,754,245</b>	<b>\$18,560,119</b>	<b>-4.34%</b>

- The change in Capital Assets is a result of the acquisition of assets and construction in progress in the amount of \$343,855 offset by depreciation expense of \$1,148,580.

**Long-Term Liabilities**

At year-end, the District had \$4,920,000 in general obligation bonds outstanding as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 9 to the basic financial statements.)

**Figure A-7**

**Outstanding Long-Term Liabilities**

	Total School District		Percentage Change 2021/22
	(Restated)		
	2021/22	2020/21	
General Obligation Bonds (Financed with Property Taxes)	\$ 4,920,000	\$ 5,735,000	
Net Pension Liability	1,513,622	2,086,711	
Other Long Term Liabilities	627,266	656,650	
<b>Total</b>	<b>\$ 7,060,888</b>	<b>\$ 8,478,361</b>	<b>-16.72%</b>

- The District continued to pay down its debt, retiring \$815,000 of outstanding bonds.
- Other Long Term Liabilities decreased \$29,384 comprised of an increase in leases of \$131,602 offset by decreases in compensated absences payable of \$19,096, financed purchases of \$97,928 and unamortized bond premiums of \$43,962.
- Net Pension Liability decreased by \$573,089.

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

### **Factors Bearing on the District's Future**

Currently, the District is in good financial condition. Everyone associated with the Board of Education is grateful for the community support of the schools. The Morris Plains Home and School Association and the Morris Plains Education Foundation have maintained their generosity in their donations. However, there is concern about the state of the District's finances due to an increasing reliance on local property taxes, relatively flat state aid and the need to utilize reserve funds in the budget.

Future finances will continue to be challenged by state legislation and the unfunded mandates that School Districts must be in compliance with. S1701, adopted by the State of New Jersey on June 17, 2004, limits a District's unassigned general fund balance to 4% of the District's total adjusted expenditures, which leaves the District with very little reserves in the event of unforeseen emergencies. This year the Morris Plains School District, in dealing with the COVID-19 pandemic continued to encounter increased costs due the priority to keep our students and staff safe. Teacher and Substitute Teacher shortages proved challenging. Substitute Teacher daily rates were increased, temporarily with grant funding, in order to entice more candidates. COVID-19 cleaning and disinfecting protocols continued and the cost of products were still at an increased rate. Utility costs began to increase in the latter half of the year due to the economic conditions in the country.

Additionally, the district will continue to address the Long-Range Facility Plan, which will include District technology upgrades, security equipment upgrades, bathroom renovations, etc. Lastly, the district will continue to work with the Morris School District to control send-receive tuition costs.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office at 520 Speedwell Avenue, Morris Plains, NJ 07950.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS



MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 2,763,744	\$ 6,097	\$ 2,769,841
Receivables from Federal, State and Other Governments	568,774	21,447	590,221
Internal Balances	(55,153)	55,153	
Inventory		5,568	5,568
Restricted Cash and Cash Equivalents	3,035,939		3,035,939
Capital Assets:			
Sites (Land) and Construction in Progress	951,200		951,200
Depreciable Site Improvements, Building and Building Improvements and Furniture, Machinery and Equipment	16,789,420	13,625	16,803,045
Lease Assets, Net	335,820		335,820
Total Assets	<u>24,389,744</u>	<u>101,890</u>	<u>24,491,634</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	399,917		399,917
Deferred Amount on the Refunding	15,840		15,840
Total Deferred Outflows of Resources	<u>415,757</u>		<u>415,757</u>
<u>LIABILITIES:</u>			
Accounts Payable	565,437	15,340	580,777
Accrued Interest Payable	71,595		71,595
Unearned Revenue	8,897	7,694	16,591
Noncurrent Liabilities:			
Due Within One Year	1,058,486		1,058,486
Due Beyond One Year	6,002,402		6,002,402
Total Liabilities	<u>7,706,817</u>	<u>23,034</u>	<u>7,729,851</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	1,156,359		1,156,359
Total Deferred Inflows of Resources	<u>1,156,359</u>		<u>1,156,359</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	12,989,393	13,625	13,003,018
Restricted for:			
Debt Service	5,829		5,829
Capital Reserve	1,672,155		1,672,155
Maintenance Reserve	309,695		309,695
Tuition Reserve	749,000		749,000
Unemployment Compensation	193,228		193,228
Student Activities	111,861		111,861
Excess Surplus	1,390,000		1,390,000
Unrestricted/(Deficit)	(1,478,836)	65,231	(1,413,605)
Total Net Position	<u>\$ 15,942,325</u>	<u>\$ 78,856</u>	<u>\$ 16,021,181</u>

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 6,535,068	\$ 82,820	\$ 1,560,030		\$ (4,892,218)	\$	\$ (4,892,218)
Special Education	2,050,684		1,428,484		(622,200)		(622,200)
School -Sponsored/Other Instruction	571,080		166,257		(404,823)		(404,823)
<b>Support Services:</b>							
Tuition	4,710,074				(4,710,074)		(4,710,074)
Student and Instruction Related Services	2,174,948	101,736	200,889		(1,872,323)		(1,872,323)
General Administration Services	507,550		48,127		(459,423)		(459,423)
School Administration Services	792,945		214,801		(578,144)		(578,144)
Central Services	463,656		102,046		(361,610)		(361,610)
Administration Information Technology	69,987				(69,987)		(69,987)
Plant Operations and Maintenance	1,385,650		56,486		(1,329,164)		(1,329,164)
Pupil Transportation	918,337		102,350		(815,987)		(815,987)
Interest on Long-Term Debt	148,084				(148,084)		(148,084)
Unallocated Depreciation	1,018,122				(1,018,122)		(1,018,122)
Capital Outlay	79,411				(79,411)		(79,411)
Charter Schools	129,944				(129,944)		(129,944)
<b>Total Governmental Activities</b>	<b>21,555,540</b>	<b>184,556</b>	<b>3,879,470</b>		<b>(17,491,514)</b>		<b>(17,491,514)</b>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>Functions/Programs</u>	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 215,728	\$ 257,303			\$ 41,575	\$ 41,575
Total Business-Type Activities	215,728	257,303			41,575	41,575
Total Primary Government	\$ 21,771,268	\$ 4,136,773	\$ -0-	\$ (17,491,514)	41,575	(17,449,939)
General Revenues and Other Item:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 17,293,927		\$ 17,293,927
Taxes Levied for Debt Service				783,217		783,217
Federal and State Aid not Restricted				748,696		748,696
Interest Income				8,592	41	8,633
Miscellaneous Income				83,407	677	84,084
Other Item - Disposal of Capital Asset, Net					(1,149)	(1,149)
Total General Revenue and Other Item				18,917,839	(431)	18,917,408
Change in Net Position				1,426,325	41,144	1,467,469
Net Position - Beginning, Restated				14,516,000	37,712	14,553,712
Net Position - Ending				\$ 15,942,325	\$ 78,856	\$ 16,021,181

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

FUND FINANCIAL STATEMENTS

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 2,416,139		\$ 344,370	\$ 3,235	\$ 2,763,744
Interfund Receivables	192,437			2,594	195,031
Receivables From Federal Government		\$ 202,381			202,381
Receivables From State Government	363,079				363,079
Receivables From Other Governments		3,314			3,314
Restricted Cash and Cash Equivalents	2,924,078	111,861			3,035,939
<b>Total Assets</b>	<u>\$ 5,895,733</u>	<u>\$ 317,556</u>	<u>\$ 344,370</u>	<u>\$ 5,829</u>	<u>\$ 6,563,488</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Interfund Payable	\$ 55,153	\$ 192,437	\$ 2,594		\$ 250,184
Accounts Payable	400,400	4,361			404,761
Unearned Revenue		8,897			8,897
<b>Total Liabilities</b>	<u>455,553</u>	<u>205,695</u>	<u>2,594</u>		<u>663,842</u>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital Reserve Account	1,672,155				1,672,155
Tuition Reserve - 2022-2023 Budget	350,000				350,000
Tuition Reserve - 2023-2024 Budget	399,000				399,000
Maintenance Reserve	309,695				309,695
Unemployment Compensation	193,228				193,228
Excess Surplus - 2022-2023 Budget	600,000				600,000
Excess Surplus - 2023-2024 Budget	790,000				790,000
Student Activities		111,861			111,861
Capital Projects			341,776		341,776
Debt Service				\$ 5,829	5,829
<b>Assigned:</b>					
Year-End Encumbrances	55,890				55,890
Designated for Subsequent Year's Expenditures	181,569				181,569
Unassigned	888,643				888,643
<b>Total Fund Balances</b>	<u>5,440,180</u>	<u>111,861</u>	<u>341,776</u>	<u>5,829</u>	<u>5,899,646</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 5,895,733</u>	<u>\$ 317,556</u>	<u>\$ 344,370</u>	<u>\$ 5,829</u>	<u>\$ 6,563,488</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

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

Total Fund Balances from previous page	\$ 5,899,464
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	17,740,620
Leased Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	335,820
Interest on long-term debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.	(71,595)
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	239,241
Deferred Inflows	(1,156,359)
Long-Term Liabilities, including net pension liability for PERS, bonds payable, leases payable and financed purchases payable are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(7,016,927)
Deferred Amount on the Refunding is not reported as an expenditure in the Governmental Funds in the year of the year of the expenditure.	15,840
Bond premiums are reported as revenue in the Governmental Funds in the year the bonds are sold.	<u>(43,961)</u>
Net Position of Governmental Activities	<u><u>\$ 15,942,143</u></u>

MORRIS PLAINS BOROUGH 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
<b>REVENUE:</b>					
Local Sources:					
Local Tax Levy	\$ 17,293,927			\$ 783,217	\$ 18,077,144
Tuition - Other LEA's within the State	72,916				72,916
Tuition - Individuals	9,904				9,904
Rents and Royalties	5,000				5,000
Interest on Capital Reserve	1,252				1,252
Restricted Miscellaneous Revenues	13,210	\$ 112,666			125,876
Unrestricted Miscellaneous Revenues	69,943		\$ 2,594		72,537
Total - Local Sources	17,466,152	112,666	2,594	783,217	18,364,629
State Sources	4,214,707	13,022		177,988	4,405,717
Federal Sources		455,361			455,361
Total Revenue	21,680,859	581,049	2,594	961,205	23,225,707
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	4,347,237	301,856			4,649,093
Special Education Instruction	1,071,182	177,457			1,248,639
School Sponsored/Other Instruction	319,259				319,259
Support Services and Undistributed Costs:					
Tuition	4,710,074				4,710,074
Student & Instruction Related Services	1,619,225	59,281			1,678,506
General Administrative Services	388,551				388,551
School Administrative Services	397,319				397,319
Central Services	324,067				324,067
Administrative Information Technology	67,844				67,844
Plant Operations and Maintenance	1,160,516				1,160,516

MORRIS PLAINS BOROUGH 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
<b>EXPENDITURES</b>					
Pupil Transportation	\$ 918,337				\$ 918,337
Allocated and Unallocated Benefits	4,927,049				4,927,049
Debt Service:					
Principal				\$ 815,000	815,000
Interest and Other Charges				187,744	187,744
Transfer of Funds to Charter Schools	129,944				129,944
Capital Outlay	340,392		\$ 268,850		609,242
Total Expenditures	<u>20,720,996</u>	<u>\$ 538,594</u>	<u>268,850</u>	<u>1,002,744</u>	<u>22,531,184</u>
Excess/(Deficit) of Revenue over/(under) Expenditures	959,863	42,455	(266,256)	(41,539)	694,523
<b>OTHER FINANCING SOURCES/(USES)</b>					
Transfers In				2,594	2,594
Transfers Out			(2,594)		(2,594)
Leases (Non-Budgeted)	185,976				185,976
Total Other Financing Sources/(Uses)	<u>185,976</u>		<u>(2,594)</u>	<u>2,594</u>	<u>185,976</u>
Net Change in Fund Balances	1,145,839	42,455	(268,850)	(38,945)	880,499
Fund Balance—July 1	4,294,341		610,626	44,774	5,019,147
Fund Balance—June 30	<u>\$ 5,440,180</u>	<u>\$ 111,861</u>	<u>\$ 341,776</u>	<u>\$ 5,829</u>	<u>\$ 5,899,646</u>

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



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

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$ 880,499						
Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:							
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.	<table style="margin-left: auto; margin-right: 0; border-collapse: collapse;"> <tr> <td style="padding-right: 10px;">Depreciation Expense</td> <td style="text-align: right;">\$ (1,146,344)</td> </tr> <tr> <td style="padding-right: 10px;">Capital Outlays</td> <td style="text-align: right; border-top: 1px solid black;">343,855</td> </tr> <tr> <td></td> <td style="text-align: right;">(802,489)</td> </tr> </table>	Depreciation Expense	\$ (1,146,344)	Capital Outlays	343,855		(802,489)
Depreciation Expense	\$ (1,146,344)						
Capital Outlays	343,855						
	(802,489)						

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

Repayment of financed purchases is an expenditure in the Governmental Funds, but the repayment reduces in the Statement of Net Position and is not reported in the Statement of Activities. 97,928

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amount 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 (+) 19,096

The governmental funds report the effect of deferred amount on a bond refunding relative to an advance refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. (-) (15,838)

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

The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (+) \$ 43,962

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	\$ 573,089
Changes in Deferred Outflows	(223,962)
Changes in Deferred Inflows	<u>26,355</u>
	375,482

Leases entered into by the District are an other financing source in the governmental funds, but the acquisition increases long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities. (185,976)

Repayment of leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 54,374

Capital outlays related to lease assets are reported in governmental funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the shorter of their estimated useful lives or lease term as amortization expense. This is the amount by which amortization differs from capital outlays in the period.

Amortization Expense	(53,225)
Lease Asset Additions	<u>185,976</u>
	132,751

In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).

Change in Net Position - Governmental Activities (From Exhibit A-2) \$ 1,426,325

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2022

## ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$	6,097
Intergovernmental Receivable:		
Federal		20,965
State		482
Interfund Receivable:		
General Fund		55,153
Inventories		5,568

Total Current Assets		88,265
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## Non-Current Assets:

Capital Assets		72,118
Less: Accumulated Depreciation		58,493

Total Non-Current Assets		130,611
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Total Assets		218,876
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## LIABILITIES:

## Current Liabilities:

Accounts Payable - Vendors		15,340
Unearned Revenue - Prepaid Sales		6,262
Unearned Revenue - Donated Commodities		1,432

Total Current Liabilities		23,034
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## NET POSITION:

Investment in Capital Assets		130,611
Unrestricted		65,231

Total Net Position	\$	195,842
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THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

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

Operating Revenue:	
Miscellaneous Revenue	\$ 677
Total Operating Revenue	<u>677</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	113,950
Salaries, Benefits & Payroll Taxes	81,039
Supplies, Insurance & Other Costs	10,103
Management Fee	8,400
Depreciation Expense	<u>2,236</u>
Total Operating Expenses	<u>215,728</u>
Operating Loss	(215,051)
Non-Operating Revenue:	
Local Sources:	
Interest Income	41
State Sources:	
COVID 19 - Seamless Summer Option	6,046
Federal Sources:	
COVID 19 - Seamless Summer Option	233,040
COVID 19 - Emergency Operational Cost Reimbursement Program	1,641
COVID 19 - Pandemic Electronic Benefit Transfer (P-EBT)	1,242
Food Distribution Program	<u>15,334</u>
Total Non-Operating Revenue	<u>257,344</u>
Change in Net Position before Other Item	42,293
Other Item:	
Disposal of Capital Asset, Net	<u>(1,149)</u>
Change in Net Position After Other Item	41,144
Net Position - Beginning of Year	<u>37,712</u>
Net Position - End of Year	<u>\$ 78,856</u>

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

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

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 677
Payments to Employees	(81,039)
Payments to Food Service Vendor	(94,280)
Payments to Suppliers	(10,103)
Net Cash (Used for) Operating Activities	<u>(184,745)</u>
Cash Flows Provided for Investing Activities:	
Local Sources:	
Interest Income	41
Net Cash Provided by Investing Activities	<u>41</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	6,208
Federal Sources	224,001
Interfund - General Fund	(39,457)
Net Cash Provided by Noncapital Financing Activities	<u>190,752</u>
Net Increase in Cash and Cash Equivalents	6,048
Cash and Cash Equivalents, July 1	<u>49</u>
Cash and Cash Equivalents, June 30	<u>\$ 6,097</u>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (215,051)
Adjustment to Reconcile Operating Loss to Net Cash (Used for) Operating Activities:	
Depreciation	2,236
Food Distribution Program	15,334
Changes in Assets and Liabilities:	
(Increase) in Inventory	(1,367)
Increase In Unearned Revenue - Prepaid Sales	171
Increase in Unearned Revenue - Donated Commodities	173
Increase in Accounts Payable	13,759
Net Cash (Used for) Operating Activities	<u>\$ (184,745)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities through the Food Distribution Program valued at \$15,507 and Utilized Commodities Valued at \$15,334.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

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

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

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

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds. 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 the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

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

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

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

B. Basis of Presentation: (Cont'd)

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets 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 fund:

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

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. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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



MORRIS PLAINS BOROUGH 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)

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 budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 21,695,063	\$ 587,591
Differences - Budgetary to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		
Current Year Encumbrances		(7,415)
Prior Year Encumbrances		873
Prior Year State Aid Payments Recognized for GAAP Statements	77,005	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(91,209)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 21,680,859	\$ 581,049
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 20,720,996	\$ 545,136
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		
Current Year Encumbrances		(7,415)
Prior Year Encumbrances		873
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 20,720,996	\$ 538,594

E. Cash and Cash Equivalents and Investments:

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

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

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

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

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

H. Encumbrances (Cont'd):

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

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

K. Capital Assets:

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

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

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

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

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

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

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 government-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond premiums as revenue in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

N. Accrued Salaries and Wages:

The District allows certain employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year. As of June 30, 2022, the amount earned by these employees but not disbursed was \$330,873.

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 personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

In the district-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

P. Lease 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.

Q. Unearned Revenue:

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

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

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

R. Fund Balance Appropriated:

General Fund: Of the \$5,440,180 General Fund fund balance at June 30, 2022, \$55,890 is assigned for encumbrances and \$181,569 is assigned as designated for subsequent year's expenditures; \$1,672,155 is restricted in the capital reserve account; \$309,695 has been restricted in the maintenance reserve account, \$350,000 is restricted in the tuition reserve account for fiscal year ending June 30, 2023, \$399,000 is restricted in the tuition reserve account for fiscal year ending June 30, 2024, \$193,228 is restricted in the unemployment compensation reserve account, \$790,000 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2024; \$600,000 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2023, and \$888,643 is unassigned fund balance, which is \$91,209 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2023.

Special Revenue Fund: The \$111,861 Special Revenue Fund fund balance at June 30, 2022 is restricted for student activities.

Capital Projects Fund: The \$341,776 Capital Projects Fund fund balance at June 30, 2022 is restricted fund balance.

Debt Service Fund: Of the \$5,829 restricted Debt Service Fund fund balance at June 30, 2022, \$3,235 has been included as anticipated revenue for the fiscal year ended June 31, 2023.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as noted above.

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

S. Deficit Net Position:

The District has a deficit in unrestricted net position of \$1,478,836 in governmental activities, which is primarily a result of accrued interest, compensated absences payable, net pension liability and the related deferred inflows and outflows. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

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

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

T. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2022 for the deferred amount on refunding and for pensions. The District had deferred inflows of resources at June 30, 2022 for pensions.

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

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

U. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2022.

MORRIS PLAINS BOROUGH 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. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and the amount designated for subsequent year's expenditures in the General Fund at June 30, 2022.

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

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 PLAINS BOROUGH 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, and short-term investments with original maturities of three months or less.

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

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

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

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

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

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

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

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;

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

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

Investments: (Cont'd)

- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
  - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
  - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

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

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

Investments: (Cont'd)

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 & Savings Accounts	\$ 2,769,841	\$ 3,035,939	\$ 5,805,780
	<u>\$ 2,769,841</u>	<u>\$ 3,035,939</u>	<u>\$ 5,805,780</u>

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 \$5,805,780 and the bank balance was \$6,703,355.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Morris Plains Borough School District in 1997, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end of any unanticipated revenue or unexpended line item appropriations, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Balance at June 30, 2021	\$ 1,034,778
Interest Earned	1,252
Increased by Board Resolution June 2022	650,000
Withdrawn by Board Resolution	<u>(13,875)</u>
Balance at June 30, 2022	<u>\$ 1,672,155</u>

The balance in the capital reserve account at June 30, 2022 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan ("LRFP"). Withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

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

NOTE 5. CAPITAL ASSETS

	Restated Beginning Balance 6/30/2021	Increases	Adjustments/ Decreases	Balance 6/30/2022
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 951,200			\$ 951,200
Construction in Progress	33,500	\$ 268,850	\$ (302,350)	
Total Capital Assets not Being Depreciated	984,700	268,850	(302,350)	951,200
Capital Assets Being Depreciated:				
Site Improvements	930,749			930,749
Buildings and Building Improvements	37,049,907	35,328	68,225	37,153,460
Machinery and Equipment	1,372,582	39,677	32,174	1,444,433
Total Capital Assets Being Depreciated	39,353,238	75,005	100,399	39,528,642
Governmental Activities Capital Assets	40,337,938	343,855	(201,951)	40,479,842
Less Accumulated Depreciation for:				
Site Improvements	(747,936)	(54,706)		(802,642)
Buildings and Building Improvements	(20,028,807)	(970,370)	201,951	(20,797,226)
Machinery and Equipment	(1,018,086)	(121,268)		(1,139,354)
Total Accumulated Depreciation	(21,794,829)	(1,146,344)	201,951	(22,739,222)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 18,543,109</u>	<u>\$ (802,489)</u>	<u>\$ - 0 -</u>	<u>\$ 17,740,620</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 73,267		\$ (1,149)	\$ 72,118
Less Accumulated Depreciation	(56,257)	(2,236)		(58,493)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 17,010</u>	<u>\$ (2,236)</u>	<u>\$ (1,149)</u>	<u>\$ 13,625</u>
GRAND TOTAL	<u>\$ 18,560,119</u>	<u>\$ (804,725)</u>	<u>\$ (1,149)</u>	<u>\$ 17,754,245</u>

The District expended \$268,850 towards construction in progress during the fiscal year in an active construction project for the referendum.

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

NOTE 5. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 97,783
General and School Administration Services	17,870
Operations and Maintenance of Plant	12,569
General/Unallocated	1,018,122
	\$ 1,146,344

NOTE 6. LEASE ASSETS

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

	<u>Restated Beginning Balance 6/30/2021</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Balance 6/30/2022</u>
Governmental Activities:				
Lease Assets Being Amortized:				
Buildings	\$ 254,176			\$ 254,176
Machinery and Equipment	15,847	\$ 185,976		201,823
Total Lease Assets Being Amortized	270,023	185,976		455,999
Governmental Activities Capital Assets	270,023	185,976		455,999
Less Accumulated Amortization for:				
Buildings	(65,898)	(37,656)		(103,554)
Machinery and Equipment	(1,056)	(15,569)		(16,625)
Total Accumulated Depreciation	(66,954)	(53,225)		(120,179)
Governmental Activities Lease Assets, Net of Accumulated Amortization	\$ 203,069	\$ 132,751	\$ - 0 -	\$ 335,820

Amortization expense was charged to governmental functions as follows:

General and School Administration Services	\$ 53,225
	\$ 53,225

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

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2022, the school district had transfers in the capital outlay accounts and the required approval from the County Superintendent was obtained.

NOTE 8. MAINTENANCE RESERVE ACCOUNT

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

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

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

Balance at June 30, 2021	\$	105,969
Interest		550
Increased by Board Resolution June 2022		203,176
Balance at June 30, 2022	\$	309,695

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

NOTE 9. LONG-TERM LIABILITIES:

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

	Restated Balance 6/30/2021	Accrued	Retired	Balance 6/30/2022	Due Within One Year
Bonds Payable	\$ 5,735,000		\$ 815,000	\$ 4,920,000	\$ 840,000
Financed Purchases	277,060		97,928	179,132	88,552
Leases	213,929	\$ 185,976	54,374	345,531	78,221
Net Pension Liability	2,086,711		573,089	1,513,622	
Unamortized Bond Premiums	87,923		43,962	43,961	43,961
Compensated Absences Payable	77,738	3,780	22,876	58,642	7,752
	<u>\$ 8,478,361</u>	<u>\$ 189,756</u>	<u>\$ 1,607,229</u>	<u>\$ 7,060,888</u>	<u>\$ 1,058,486</u>

A. Bonds Payable:

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

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

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

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



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

NOTE 9. LONG-TERM LIABILITIES: (Cont'd)

A. Bonds Payable: (Cont'd)

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

Purpose	Final Maturity Date	Interest Rate	Amount
School Refunding Bonds	2/15/2023	5.00%	\$ 450,000
School Bonds	7/15/2031	3.00-3.25%	4,470,000
			<u>\$ 4,920,000</u>

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

Fiscal Year Ending June 30,	Bonds		Total
	Principal	Interest	
2023	\$ 840,000	\$ 154,444	\$ 994,444
2024	400,000	120,093	520,093
2025	415,000	107,869	522,869
2026	425,000	95,269	520,269
2027	440,000	82,293	522,293
2028-2032	2,400,000	196,941	2,596,941
	<u>\$ 4,920,000</u>	<u>\$ 756,909</u>	<u>\$ 5,676,909</u>

B. Bonds Authorized But Not Issued:

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

C. Financed Purchases Payable:

The District has financed purchases agreements for various technology equipment valued at \$410,451 for which \$231,319 has been repaid. The finance purchases agreements are for terms of three to four years.

The following is a schedule of the future minimum financed purchases payments, and the present value of the net minimum financed purchases payments at June 30, 2022.

Fiscal Year Ending June 30,	Amount
2023	\$ 92,654
2024	92,654
Total Minimum Financed Purchases Payments	185,309
Less: Amount representing interest	<u>(6,177)</u>
Present Value of Minimum Financed Purchase Payments	<u>\$ 179,132</u>

The current portion of the finance purchases payable at June 30, 2022 is \$88,552 and the long-term portion is \$90,580. The General Fund will be used to liquidate the financed purchases payable.

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

NOTE 9. LONG-TERM LIABILITIES: (Cont'd)

D. Leases Payable:

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

Purpose	Frequency of Payment	Final Maturity Date	Interest Rate	Amount
Xerox Copiers	Monthly	3/25/2026	3.10%	\$ 11,858
Xerox Copiers	Monthly	3/11/2027	3.10%	174,453
Lease of Business Office	Monthly	7/1/2025	3.00%	<u>159,220</u>
				<u>\$ 345,531</u>

Principal and interest due on leases outstanding will be liquidated through the General Fund and are as follows:

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2023	\$ 78,221	\$ 9,360
2024	79,414	9,487
2025	80,641	9,618
2026	80,763	9,753
2027	<u>26,492</u>	<u>308</u>
	<u>\$ 345,531</u>	<u>\$ 38,526</u>

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 \$1,513,622. See Note 10 for further information on the PERS.

F. Unamortized Bond Premium:

The unamortized bond premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond premium at June 30, 2022 is \$43,961 and the long-term portion is \$0.

G. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability and will be liquidated through the General Fund. The current portion of the compensated absences at June 30, 2022 is \$7,752 and the long-term portion is \$50,890.

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

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

NOTE 10. PENSION PLANS:

Substantially all of the Board’s employees participate in one of the two contributory, defined benefit public employee retirement systems: the Public Employee’s Retirement System (PERS) of New Jersey; or the Teachers’ Pension and Annuity Fund (TPAF); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees’ Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees’ Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division’s annual financial statements which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

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

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

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

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

NOTE 10. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$149,633 for fiscal year 2022.

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

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

At June 30, 2022, the District reported a liability of \$1,513,622 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 0.013%, which was a decrease of 0.00283% 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 \$225,848.

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

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	5.48		\$ (63,965)
	2018	5.63		(119,923)
	2019	5.21		(105,793)
	2020	5.16		(249,178)
	2021	5.13	\$ 7,883	(538,859)
			<u>7,883</u>	<u>(538,859)</u>
Changes in Proportion	2017	5.48		(1,492)
	2018	5.63	43,894	
	2019	5.21		(203,080)
	2020	5.16	163,592	
	2021	5.13		(3,364)
			<u>207,486</u>	<u>(207,936)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		(11,824)
	2019	5.00		3,815
	2020	5.00		85,980
	2021	5.00		(476,699)
				<u>(398,728)</u>
Difference Between Expected and Actual Experience	2017	5.48	1,902	
	2018	5.63		(4,567)
	2019	5.21	8,087	
	2020	5.16	13,883	
	2021	5.13		(6,269)
			<u>23,872</u>	<u>(10,836)</u>
District Contribution Subsequent to the Measurement Date	2021	1.00	160,676	
			<u>\$ 399,917</u>	<u>\$ (1,156,359)</u>

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

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

NOTE 10. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2022	\$ (357,149)
2023	(255,003)
2024	(173,869)
2025	(130,698)
2026	51
	\$ (916,668)

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:

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.

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

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected\_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 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 Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
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 Management 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 and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

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

NOTE 10. PENSION PLANS (Cont'd)

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

Discount Rate (Cont'd)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to 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		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 2,062,387	\$ 1,513,622	\$ 1,049,466

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](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

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



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

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. 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 \$1,944,476 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$534,565.

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

NOTE 10. PENSION PLANS (Cont'd)

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

Special Funding Situation (Cont'd)

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 \$22,718,029. 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 0.047%, which was an increase of 0.001% 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	22,718,029
Total	<u>\$ 22,718,029</u>

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$534,556 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 financial statements.

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

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NOTE 10. PENSION PLANS (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 153,774,925	
	2015	8.3	926,219,611	
	2016	8.3	3,000,278,784	
	2017	8.3		\$ 5,282,196,290
	2018	8.29		3,527,661,165
	2019	8.04		2,510,940,613
	2020	7.99	1,209,286,241	
	2021	7.93		12,903,483,645
			5,289,559,561	24,224,281,713
Difference Between Expected and Actual Experience	2014	8.5		1,464,605.00
	2015	8.3	57,204,429	
	2016	8.3		37,311,034
	2017	8.3	93,981,436	
	2018	8.29	618,845,893	
	2019	8.04		97,553,990
	2020	7.99		6,444,940
	2021	7.93	171,234,070	
			941,265,828	142,774,569
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5		96,030,373
	2019	5		(72,441,385)
	2020	5		(724,186,621)
	2021	5		3,554,633,811
				2,854,036,178
			\$ 6,230,825,389	\$ 27,221,092,460

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 10. 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)
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 PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 10. 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 Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected\_returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 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 Market Equity	13.50%	8.71%
Emerging Markets 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 Management Strategies	3.00%	3.35%

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2021 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of 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 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 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 above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2021		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net			
Pension Liability Associated with the District	\$ 26,879,223	\$ 22,718,029	\$ 19,222,887

Pension Plan Fiduciary Net Position

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 10. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$21,244 for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$28,851 for the year ended June 30, 2022.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains its health benefit coverage through Horizon Blue Cross Blue Shield.

Property and Liability Insurance

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

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

As a member of this Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The June 30, 2022 audit report for the Group is not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2021 is as follows:

	New Jersey Schools Insurance Group
Total Assets	\$ 409,725,069
Net Position	\$ 171,872,738
Total Revenue	\$ 142,993,117
Total Expenses	\$ 104,006,539
Change in Net Position	\$ 32,639,633
Member Dividends	\$ 6,346,945

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

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

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.



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

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

The following is a summary of District contributions, employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Compensation Restricted Fund Balance in the General Fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ -0-	\$ 12,269	\$ 1,086	\$ 37,660	\$ 171,429
2020-2021	-0-	12,401	138	5,305	178,663
2021-2022	-0-	19,995	110	5,540	193,228

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

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	\$ 192,437	\$ 55,153
Special Revenue Fund		192,437
Capital Projects Fund		2,594
Debt Service Fund	2,594	
Proprietary Fund	55,153	
	<u>\$ 250,184</u>	<u>\$ 250,184</u>

The Interfund between General Fund and Special Revenue Fund is a result of federal grants receivable as of June 30, 2021. The interfund between the General Fund and the Food Service Fund represents subsidy reimbursements received in the General Fund not yet turned over to the Food Service Fund. The interfund between the Capital Projects Fund and Debt Service Fund represents interest earned in the Capital Projects Fund.

NOTE 13. DEFERRED COMPENSATION

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

Equitable	Lincoln National Insurance	Franklin Templeton
Oppenheimer	Lincoln Financial Group	

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
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NOTE 14. TAX CALENDAR

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

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

NOTE 15. ECONOMIC DEPENDENCY

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

NOTE 16. CONTINGENT LIABILITIES

Litigation

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

Grant Programs

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

Arbitrage

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 16. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2022, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 55,890	\$ 7,415	\$ -0-	\$ 63,305

On the District's Governmental Funds Balance Sheet as of June 30, 2021, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$7,415 less than the actual year-end 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.

NOTE 17. TUITION RESERVE ACCOUNT

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

As of June 30, 2022 the District has \$749,000 in the Tuition Reserve for which \$350,000 and \$399,000 will be used to pay any tuition adjustments for the fiscal years ending June 30, 2023 and 2024, respectively.

NOTE 18. ACCOUNTS PAYABLE

	Governmental Funds			District Contribution Subsequent to Measurement Date	Total Governmental Activities	Business-Type Activities Proprietary Fund
	General Fund	Special Revenue Fund	Capital Projects Fund			
Vendors	\$ 61,173	\$ 4,361			\$ 65,534	\$ 15,340
Payroll Deductions and Withholdings	8,354				8,354	
Accrued Salaries & Wages	330,873				330,873	
State of New Jersey				\$ 160,676	160,676	
	\$ 400,400	\$ 4,361	\$ -0-	\$ 160,676	\$ 565,437	\$ 15,340

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
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(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits 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 annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
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(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Employees Covered by Benefit Terms

At June 30, 2019, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	149,304
Active Plan Members	216,804
Total	366,108

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

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% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 4.45% based on service years	3.00 - 7.00% based on service years

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
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(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Mortality Rates

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

Health Care Trend Assumptions

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

Discount Rate

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

	Total OPEB Liability
Balance at June 30, 2019	\$ 18,242,435
Changes for Year:	
Service Cost	782,609
Interest on the Total OPEB Liability	656,832
Changes of Assumptions	5,640,572
Difference between Expected and Actual Experiences	6,078,060
Gross Benefit Payments by the State	(537,582)
Contributions from Members	16,294
Net Changes	12,636,785
Balance at June 30, 2020	\$ 30,879,220

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2020, 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, 2020		
	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
Total OPEB Liability Attributable to the District	\$ 37,226,494	\$ 30,879,220	\$ 25,916,263

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2020, 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, 2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 24,926,748	\$ 30,879,220	\$ 37,967,292

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 \$1,626,786 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2020 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
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NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 1,874,011
	2018	9.51		1,649,483
	2019	9.29	\$ 222,333	
	2020	9.24	5,030,121	
			<u>5,252,454</u>	<u>3,523,494</u>
Differences Between Expected and Actual Experience	2018	9.51		1,559,275
	2019	9.29		2,616,869
	2020	9.24	4,688,270	
			<u>4,688,270</u>	<u>4,176,144</u>
Changes in Proportion	N/A	N/A	1,182,790	45,266
			<u>\$11,123,514</u>	<u>\$ 7,744,904</u>

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

Fiscal Year Ending June 30,	Total
2021	\$ (19,782)
2022	(19,782)
2023	(19,782)
2024	(19,782)
2025	(19,782)
Thereafter	<u>(2,142,176)</u>
	<u>\$ (2,241,086)</u>



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

NOTE 20. PRIOR YEAR ADJUSTMENT

The District made a prior year adjustment in the district-wide financial statements to record financed purchase payables and for an intangible right-to-use asset and a lease liability as of June 30, 2021 as a result of implementing GASB 87, *Leases*:

	<u>Balance</u> <u>June 30, 2021</u> <u>as Previously</u> <u>Reported</u>	<u>Retroactive</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2021</u> <u>as</u> <u>Restated</u>
<u>Statement of Position - Governmental Activities:</u>			
Assets:			
Capital Assets	\$ 18,317,804	\$ 225,305	\$ 18,543,109
Lease Assets, Net		203,069	203,069
Total Assets	23,711,980	428,374	24,140,354
Noncurrent Liabilities:			
Due Within One Year	858,961	152,302	1,011,263
Due Beyond One Year	7,128,411	338,687	7,467,098
Total Liabilities	8,617,908	490,989	9,108,897
Net Position:			
Net Investment in Capital Assets	13,225,107	(62,615)	13,162,492
Total Net Position	14,578,615	(62,615)	14,516,000

SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.0133120961%	0.0132291256%	0.0131292071%	0.0103050938%	0.0137231494%
District's proportionate share of the net pension liability	\$ 2,492,388	\$ 2,969,674	\$ 3,888,495	\$ 3,038,050	\$ 2,702,020
District's covered employee payroll	\$ 891,550	\$ 891,550	\$ 909,100	\$ 913,315	\$ 909,754
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	279.56%	333.09%	427.73%	332.64%	297.01%
Plan fiduciary net position as a percentage 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	0.0116095784%	0.0127961110%	0.0127769556%		
District's proportionate share of the net pension liability	\$ 2,091,870	\$ 2,086,711	\$ 1,513,622		
District's covered employee payroll	\$ 883,951	\$ 920,640	\$ 950,164		
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	236.65%	226.66%	159.30%		
Plan fiduciary net position as a percentage 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 PLAINS BOROUGH 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	\$ 119,037	\$ 113,735	\$ 117,614	\$ 136,412	\$ 137,291
Contributions in relation to the contractually required contribution	(119,037)	(113,735)	(117,614)	(136,412)	(137,291)
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 891,550	\$ 909,100	\$ 913,315	\$ 909,754	\$ 883,951
Contributions as a percentage of covered employee payroll	13.35%	12.51%	12.88%	14.99%	15.53%

	Fiscal Year Ending June 30,		
	2020	2021	2022
Contractually required contribution	\$ 113,383	\$ 139,983	\$ 149,633
Contributions in relation to the contractually required contribution	(113,383)	(139,983)	(149,633)
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 920,640	\$ 950,164	\$ 1,136,743
Contributions as a percentage of covered employee payroll	12.32%	14.73%	13.16%

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY ASSOCIATED WITH THE DISTRICT  
TEACHERS' PENSION AND ANNUITY FUND  
LAST 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	0.1122527050%	0.0385863627%	0.0376905659%	0.0394616171%	0.0440913517%
State's proportionate share of the net pension liability attributable to the District	\$ 19,801,491	\$ 24,388,229	\$ 29,649,799	\$ 26,606,456	\$ 28,049,971
District's covered employee payroll	\$ 3,616,105	\$ 3,887,313	\$ 3,825,033	\$ 4,415,822	\$ 4,898,571
State's proportionate share of the net pension liability attributable to the district as a percentage of the District's covered employee payroll	547.59%	627.38%	775.15%	602.53%	572.62%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%
	Fiscal Year Ending June 30,				
	2020	2021	2022		
State's proportion of the net pension liability attributable to the District	0.0469450974%	0.0462982108%	0.0472552049%		
State's proportionate share of the net pension liability attributable to the District	\$ 28,810,652	\$ 30,486,815	\$ 22,718,029		
District's covered employee payroll	\$ 5,219,128	\$ 5,267,307	\$ 5,477,758		
State's proportionate share of the net pension liability attributable to the district as a percentage of the District's covered employee payroll	552.02%	578.79%	414.73%		
Plan fiduciary net position as a percentage 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 PLAINS BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE CONTRIBUTIONS ASSOCIATED WITH THE DISTRICT  
TEACHERS' PENSION AND ANNUITY FUND  
LAST EIGHT FISCAL YEARS

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

	Fiscal Year Ending June 30,		
	2020	2021	2022
Contractually required contribution	\$ 1,699,329	\$ 1,895,800	\$ 534,565
Contributions in relation to the contractually required contribution	<u>(1,015,497)</u>	<u>(1,373,651)</u>	<u>(1,944,476)</u>
Contribution deficiency/(excess)	<u>\$ 683,832</u>	<u>\$ 522,149</u>	<u>\$ (1,409,911)</u>
District's covered employee payroll	\$ 5,267,307	\$ 5,477,758	\$ 5,573,171
Contributions as a percentage of covered employee payroll	19.28%	25.08%	34.89%

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST FOUR FISCAL YEARS

	Fiscal Year Ending June 30,			
	2017	2018	2019	2020
Total OPEB Liability				
Service Cost	\$ 1,015,043	\$ 837,818	\$ 774,924	\$ 782,609
Interest Cost	737,184	851,575	797,024	656,832
Changes in Assumptions	(3,136,382)	(2,305,329)	271,996	5,640,572
Difference between Expected and Actual Experience		(1,982,540)	(3,147,255)	6,078,060
Member Contributions	19,792	18,566	16,600	16,294
Gross Benefit Payments	(537,505)	(537,176)	(559,988)	(537,582)
Net Change in Total OPEB Liability	(1,901,868)	(3,117,086)	(1,846,699)	12,636,785
Total OPEB Liability - Beginning	25,108,088	23,206,220	20,089,134	18,242,435
Total OPEB Liability - Ending	<u>\$ 23,206,220</u>	<u>\$ 20,089,134</u>	<u>\$ 18,242,435</u>	<u>\$ 30,879,220</u>
District's Covered Employee Payroll *	\$ 4,734,133	\$ 5,329,137	\$ 5,808,325	\$ 6,103,079
Total OPEB Liability as a Percentage of Covered Employee Payroll	490%	377%	314%	506%

\* - Covered payroll for the fiscal years ending June 30, 2017, 2018, 2019 and 2020 are based on the payroll on the June 30, 2016, 2017, 2018 and 2019 census data.

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

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

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

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 OPEN PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2020 was 2.21%. The discount rate for June 30, 2019 was 3.50%, a change of -1.29%.

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) and "General" (PERS) 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.



MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

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

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

The health care trend rates in the valuation as of June 30, 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 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% 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, 2019 were based on the following:

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

BUDGETARY COMPARISON SCHEDULES

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

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues from Local Sources:					
Local Tax Levy	\$ 17,293,927		\$ 17,293,927	\$ 17,293,927	
Tuition From Individuals				9,904	\$ 9,904
Tuition From Other LEAs Within the State	50,000		50,000	72,916	22,916
Rents and Royalties	5,000		5,000	5,000	
Unrestricted Miscellaneous Revenues			31,077	71,195	40,118
Interest Earned on Capital Reserve				1,252	1,252
Interest Earned on Maintenance Reserve				550	550
Other Restricted Miscellaneous Revenues	31,077			11,408	11,408
Total Revenues from Local Sources	<u>17,380,004</u>		<u>17,380,004</u>	<u>17,466,152</u>	<u>86,148</u>
Revenues from State Sources:					
School Choice Aid	212,685		212,685	212,685	
Categorical Transportation Aid	95,804		95,804	95,804	
Extraordinary Aid				255,867	255,867
Categorical Special Education Aid	734,724		734,724	734,724	
Categorical Security Aid	15,093		15,093	15,093	
Nonpublic Transportation				15,660	15,660
Homeless Tuition Reimbursement				72,184	72,184
TPAF Post Retirement Contributions (Non-Budgeted)				460,718	460,718
TPAF Pension Contributions (Non-Budgeted)				1,944,476	1,944,476
TPAF Non-Contributory Insurance (Non-Budgeted)				27,434	27,434
TPAF Long-Term Disability Insurance (Non-Budgeted)				748	748
Reimbursed TPAF Social Security Contributions				393,518	393,518
Total Revenues from State Sources	<u>1,058,306</u>		<u>1,058,306</u>	<u>4,228,911</u>	<u>3,170,605</u>
TOTAL REVENUE	<u>18,438,310</u>		<u>18,438,310</u>	<u>21,695,063</u>	<u>3,256,753</u>

MORRIS PLAINS SCHOOLS DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
<b>GENERAL CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 311,375	\$ (29,390)	\$ 281,985	\$ 223,717	\$ 58,268
Grades 1-5 - Salaries of Teachers	2,144,153	(239,015)	1,905,138	1,879,736	25,402
Grades 6-8 - Salaries of Teachers	1,611,520	166,627	1,778,147	1,778,147	
Regular Programs - Home Instruction:					
Salaries of Teachers	7,000	413	7,413	813	6,600
Purchased Professional-Educational Services	2,000	7,965	9,965	6,710	3,255
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	163,059	(55,147)	107,912	84,931	22,981
Purchased Technical Services	11,571	27,584	39,155	39,155	
Other Purchased Services (400-500 series)	175,139	2,169	177,308	170,018	7,290
General Supplies	176,999	(25,207)	151,792	133,517	18,275
Textbooks	49,800	(6,020)	43,780	30,493	13,287
<b>Total Regular Programs - Instruction</b>	<u>4,652,616</u>	<u>(150,021)</u>	<u>4,502,595</u>	<u>4,347,237</u>	<u>155,358</u>
<b>Behavioral Disabilities:</b>					
Salaries of Teachers	65,250		65,250	60,484	4,766
Other Salaries for Instruction	105,000		105,000	79,514	25,486
Other Purchased Services (400-500 series)	140,000	(12,869)	127,131	96,050	31,081
General Supplies	18,300	(357)	17,943	8,774	9,169
<b>Total Behavioral Disabilities</b>	<u>328,550</u>	<u>(13,226)</u>	<u>315,324</u>	<u>244,822</u>	<u>70,502</u>
<b>Multiple Disabilities:</b>					
Salaries of Teachers	117,811		117,811	114,631	3,180
Other Salaries for Instruction	37,961	18,231	56,192	34,731	21,461
General Supplies		2,509	2,509	2,509	
<b>Total Multiple Disabilities</b>	<u>155,772</u>	<u>20,740</u>	<u>176,512</u>	<u>151,871</u>	<u>24,641</u>

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

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	\$ 361,984	\$ 97,860	\$ 459,844	\$ 351,775	\$ 108,069
Other Salaries for Instruction	154,708	46,069	200,777	192,666	8,111
General Supplies	5,000	1,716	6,716	6,217	499
Total Resource Room/Resource Center	<u>521,692</u>	<u>145,645</u>	<u>667,337</u>	<u>550,658</u>	<u>116,679</u>
Preschool Disabilities - Full-Time:					
Salaries of Teachers	77,250		77,250	60,250	17,000
Other Salaries for Instruction	59,097	4,469	63,566	63,566	
General Supplies	2,000	(1,985)	15	15	
Total Preschool Disabilities - Full-Time	<u>138,347</u>	<u>2,484</u>	<u>140,831</u>	<u>123,831</u>	<u>17,000</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>1,144,361</u>	<u>155,643</u>	<u>1,300,004</u>	<u>1,071,182</u>	<u>228,822</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	126,334	1	126,335	110,341	15,994
General Supplies	1,880	(539)	1,341	1,133	208
Total Basic Skills/Remedial - Instruction	<u>128,214</u>	<u>(538)</u>	<u>127,676</u>	<u>111,474</u>	<u>16,202</u>
Bilingual Education - Instruction:					
Salaries of Teachers	65,112		65,112	65,112	50
General Supplies	50		50	50	50
Total Bilingual Education - Instruction	<u>65,162</u>		<u>65,162</u>	<u>65,112</u>	<u>50</u>

MORRIS PLAINS SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	\$ 74,050	3	\$ 74,053	\$ 62,048	\$ 12,005
Purchased Services (300-500 series)	700	2,471	3,171	1,749	1,422
Supplies and Materials	12,050	(1,692)	10,358	8,523	1,835
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	<u>86,800</u>	<u>782</u>	<u>87,582</u>	<u>72,320</u>	<u>15,262</u>
School-Sponsored Athletics - Instruction:					
Salaries	67,076	4,070	71,146	63,166	7,980
Supplies and Materials	5,500	(3,913)	1,587	1,587	
Other Objects	3,700	(157)	3,543	1,600	1,943
Transfers to Cover Deficit (Agency Funds)	5,600		5,600	4,000	1,600
Total School-Sponsored Athletics - Instruction	<u>81,876</u>		<u>81,876</u>	<u>70,353</u>	<u>11,523</u>
<b>TOTAL INSTRUCTION</b>	<u>6,159,029</u>	<u>5,866</u>	<u>6,164,895</u>	<u>5,737,678</u>	<u>427,217</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular	3,172,968		3,172,968	3,172,968	
Tuition to Other LEAs Within the State-Special	624,921		624,921	624,921	
Tuition to County Voc. School Dist.-Regular	55,976		55,976	44,529	11,447
Tuition to Priv. Sch. for the Handicap. W/I State	1,473,940	(412)	1,473,528	867,656	605,872
Total Undistributed Expenditures - Instruction	<u>5,327,805</u>	<u>(412)</u>	<u>5,327,393</u>	<u>4,710,074</u>	<u>617,319</u>
Undistributed Expenditures - Health Services:					
Salaries	177,862	15,843	193,705	193,705	
Purchased Professional and Technical Services	21,500	965	22,465	22,344	121
Supplies and Materials	21,500	(13,769)	7,731	7,731	
Total Undist. Expenditures - Health Services	<u>220,862</u>	<u>3,039</u>	<u>223,901</u>	<u>223,780</u>	<u>121</u>

MORRIS PLAINS SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	\$ 76,122		\$ 76,122	\$ 74,532	\$ 1,590
Purchased Professional - Educational Services	250,386	\$ 19,797	270,183	258,119	12,064
Supplies and Materials	500		500	252	248
Total Undist. Expend. - Speech, OT, PT, Related Svcs	<u>327,008</u>	<u>19,797</u>	<u>346,805</u>	<u>332,903</u>	<u>13,902</u>
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	177,848	(24,666)	153,182	152,782	400
Purchased Professional - Educational Services	5,500	(3,039)	2,461	1,364	1,097
Supplies and Materials	1,550		1,550	329	1,221
Total Undist. Expend. - Guidance	<u>184,898</u>	<u>(27,705)</u>	<u>157,193</u>	<u>154,475</u>	<u>2,718</u>
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	330,084	24,666	354,750	349,737	5,013
Salaries of Secretarial and Clerical Assistants	44,293	1	44,294	44,293	1
Purchased Professional - Educational Services	37,961	(18,546)	19,415	17,933	1,482
Other Purchased Services (400-500 series)	4,280	(13)	4,267	4,267	
Supplies and Materials	36,263	(9,996)	26,267	15,358	10,909
Total Undist. Expend. - Child Study Team	<u>452,881</u>	<u>(3,888)</u>	<u>448,993</u>	<u>431,588</u>	<u>17,405</u>
Undist. Expend. - Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	191,159	1	191,160	191,159	1
Salaries of Other Professional Staff	8,000		8,000		8,000
Sal of Facilitators, Math Coaches & Literacy Coaches	77,316		77,316	77,316	
Purchased Professional - Educational Services	23,000	(203)	22,797	21,913	884
Other Purchased Services (400-500 series)	55,000	202	55,202	45,682	9,520
Supplies and Materials	37,000	4,532	41,532	38,692	2,840
Total Undist. Expend. - Improv. of Inst. Serv.	<u>391,475</u>	<u>4,532</u>	<u>396,007</u>	<u>374,762</u>	<u>21,245</u>

MORRIS PLAINS SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	\$ 100,830		\$ 100,830	\$ 81,009	\$ 19,821
Purchased Professional and Technical Services	4,000		4,000	1,500	2,500
Other Purchased Services (400-500 series)	11,500		11,500	7,329	4,171
Supplies and Materials	6,775		6,775	5,992	783
Total Undist Expend-Edu. Media Serv./Sch. Library	<u>123,105</u>		<u>123,105</u>	<u>95,830</u>	<u>27,275</u>
Undist.Expend.-Instructional Staff Training Services:					
Purchased Professional - Educational Service	24,500		24,500	5,138	19,362
Other Purchased Services (400-500 series)	3,132	\$ (1)	3,131	749	2,382
Total Undist.Expend.-Instructional Staff Training Services	<u>27,632</u>	<u>(1)</u>	<u>27,631</u>	<u>5,887</u>	<u>21,744</u>
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	248,329	2,753	251,082	251,082	
Legal Services	25,000	9,037	34,037	31,933	2,104
Audit Fees	40,000	(2,615)	37,385	37,385	
Other Purchased Professional Services	23,000	(22,879)	121	121	121
Communications / Telephone	45,000	14,304	59,304	46,224	13,080
BOE Other Purchased Services	1,000		1,000	1,000	1,000
Other Purch. Serv. (400-500 series other than 530 & 585)	20,000	(600)	19,400	9,853	9,547
General Supplies	2,000		2,000	712	1,288
BOE In-house training/ Meeting Supplies	1,000		1,000	806	194
Miscellaneous Expenditures	4,000		4,000	2,973	1,027
BOE Membership Dues and Fees	8,500		8,500	7,583	917
Total Undist. Expend.-Support Serv.-Gen. Admin.	<u>417,829</u>		<u>417,829</u>	<u>388,551</u>	<u>29,278</u>



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

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	\$ 241,198		\$ 241,198	\$ 237,693	\$ 3,505
Salaries of Secretarial and Clerical Assistants	152,763		152,763	150,763	2,000
Other Purchased Services (400-500 series)	4,000		4,000	3,033	967
Supplies and Materials	5,000		5,000	4,985	15
Other Objects	6,869		6,869	845	6,024
Total Undist. Expend.-Support Serv.-School Adm.	<u>409,830</u>		<u>409,830</u>	<u>397,319</u>	<u>12,511</u>
Undist. Expend. - Central Services:					
Salaries	294,749		294,749	294,694	55
Purchased Technical Services	24,030		24,030	18,568	5,462
Miscellaneous Purchased Services (400-500 series other than 594)	8,000		8,000	4,916	3,084
Supplies and Materials	3,000	\$ 2,700	5,700	4,449	1,251
Interest on Lease Purchase Agreements	18,246	(2,700)	15,546	15,546	-
Other Objects	2,000		2,000	1,440	560
Total Undist. Expend. - Central Services	<u>350,025</u>		<u>350,025</u>	<u>324,067</u>	<u>25,958</u>
Undist. Expend. - Admin. Info. Technology:					
Salaries	39,480		39,480	35,200	4,280
Purchased Technical Services	20,000	3,631	23,631	20,910	2,721
Other Purchased Services (400-500 series)	7,200		7,200	6,704	496
Supplies and Materials	10,850	(3,631)	7,219	5,030	2,189
Total Undist. Expend. - Admin. Info. Technology	<u>77,530</u>		<u>77,530</u>	<u>67,844</u>	<u>9,686</u>

MORRIS PLAINS SCHOOLS DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	\$ 145,495		\$ 145,495	\$ 145,176	\$ 319
Cleaning, Repair, and Maintenance Services	169,000	\$ (28,672)	140,328	77,660	62,668
General Supplies	60,000	(320)	59,680	32,650	27,030
Other Objects	9,020	2,891	11,911	11,911	
Total Undist. Expend.- Required Maint. for School Facilities	<u>383,515</u>	<u>(26,101)</u>	<u>357,414</u>	<u>267,397</u>	<u>90,017</u>
Undist. Expend.-Custodial Services:					
Salaries	346,136	23,577	369,713	369,563	150
Cleaning, Repair, and Maintenance Services	3,000	(1,800)	1,200		1,200
Rental of Land & Bldg. Oth. than Lease Pur. Agrmt.	35,000	2,165	37,165	37,165	
Other Purchased Property Services	3,528	1,790	5,318	5,318	
Insurance	89,500		89,500	88,797	703
Miscellaneous Purchased Services	35,359	(7,916)	27,443	22,604	4,839
Undist. Expend.-Custodial Services:					
General Supplies	50,051	(26,632)	23,419	22,363	1,056
Energy (Natural Gas)	48,000	21,222	69,222	66,683	2,539
Energy (Electricity)	170,000	4,432	174,432	174,432	
Energy (Gasoline)	2,500		2,500	845	1,655
Total Undist. Expend.-Custodial Services	<u>783,074</u>	<u>16,838</u>	<u>799,912</u>	<u>787,770</u>	<u>12,142</u>
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	24,900		24,900	14,722	10,178
General Supplies	6,054		6,054	1,984	4,070
Total Care And Upkeep Of Grounds	<u>30,954</u>		<u>30,954</u>	<u>16,706</u>	<u>14,248</u>

MORRIS PLAINS SCHOOLS DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
Security:					
Salaries	\$ 24,046		\$ 24,046	\$ 17,648	\$ 6,398
Cleaning, Repair, and Maintenance Services	60,000	\$ 13,000	73,000	70,995	2,005
General Supplies	4,966	(4,966)			
Total Security	89,012	8,034	97,046	88,643	8,403
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	1,286,555	(1,229)	1,285,326	1,160,516	124,810
Undist. Expend.-Student Transportation Serv.:					
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	80,000	(28,878)	51,122	49,394	1,728
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	30,000	(2,209)	27,791	16,339	11,452
Contract. Serv.(Bet. Home & Sch.)-Joint Agrmnts.	19,000	3,386	22,386	22,385	1
Contract. Serv.(Reg. Students)-ESCs & CTSA	375,000	(22,770)	352,230	341,047	11,183
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSA	435,000	54,172	489,172	489,172	
Misc. Purchased Serv. - Transportation	3,700	(3,700)			
Transportation Supplies	500		500		500
Total Undist. Expend.-Student Trans. Serv.	943,200	1	943,201	918,337	24,864
UNALLOCATED BENEFITS					
Social Security Contributions	160,000	35,201	195,201	195,201	
Other Retirement Contributions - PERS	172,325	(18,838)	153,487	149,633	3,854
Other Retirement Contributions - Regular		22,000	22,000	21,244	756
Unemployment Compensation	32,000	(24,308)	7,692	248	7,444
Workers Compensation	73,900		73,900	66,333	7,567
Health Benefits	1,721,000	(14,055)	1,706,945	1,537,617	169,328
Tuition Reimbursement	22,000		22,000	9,129	12,871
Other Employee Benefits	149,050		149,050	120,750	28,300
TOTAL UNALLOCATED BENEFITS	2,330,275		2,330,275	2,100,155	230,120

MORRIS PLAINS SCHOOLS DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)			\$ 460,718	\$ 460,718	\$ (460,718)
TPAF Pension Contributions (Non-Budgeted)			1,944,476	1,944,476	(1,944,476)
TPAF Non-Contributory Insurance (Non-Budgeted)			27,434	27,434	(27,434)
TPAF Long-Term Disability Insurance (Non-Budgeted)			748	748	(748)
Reimbursed TPAF Social Security Contributions			393,518	393,518	(393,518)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)			2,826,894	2,826,894	(2,826,894)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 2,330,275		\$ 2,330,275	4,927,049	(2,596,774)
TOTAL UNDISTRIBUTED EXPENDITURES	12,870,910	\$ (5,866)	12,865,044	14,512,982	(1,647,938)
TOTAL GENERAL CURRENT EXPENSE	19,029,939		19,029,939	20,250,660	(1,220,721)
CAPITAL OUTLAY					
Undistributed:					
Undistributed Expenditures - Admin. Info. Tech.		5,844	5,844	5,844	
Undist. Expend. - Required Maint for School Fac.	53,050	(1,143)	51,907	51,907	
Undist. Expend. - Security		10,181	10,181	4,775	5,406
Total Equipment	53,050	14,882	67,932	62,526	5,406
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services	58,000	(93)	57,907		57,907
Construction Services		23,797	23,797	4,572	19,225
Lease Purchase Agreements - Principal	192,088	(17,743)	174,345		174,345
Infrastructure	40,000	(6,968)	33,032	30,756	2,276
Assessment for Debt Service on SDA Funding	56,562		56,562	56,562	
Total Facilities Acquisition and Const. Serv.	346,650	(1,007)	345,643	91,890	253,753

MORRIS PLAINS SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
Assets Acquired Under Leases (Non-Budgeted):					
Regular Programs - Equipment				\$ 185,976	\$ (185,976)
Total Assets Acquired Under Leases (Non-Budgeted)				<u>185,976</u>	<u>(185,976)</u>
TOTAL CAPITAL OUTLAY	\$ 399,700	\$ 13,875	\$ 413,575	340,392	73,183
Transfer of Funds to Charter Schools	<u>145,066</u>		<u>145,066</u>	<u>129,944</u>	<u>15,122</u>
TOTAL EXPENDITURES	<u>19,574,705</u>	<u>13,875</u>	<u>19,588,580</u>	<u>20,720,996</u>	<u>(1,132,416)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,136,395)	(13,875)	(1,150,270)	974,067	(2,124,337)
Other Financing Sources/(Uses):					
Leases (Non-Budgeted)				185,976	(185,976)
Total Other Financing Sources/(Uses):				<u>185,976</u>	<u>(2,310,313)</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,136,395)	(13,875)	(1,150,270)	1,160,043	4,434,650
Fund Balance, July 1	<u>4,371,346</u>		<u>4,371,346</u>	<u>4,371,346</u>	
Fund Balance, June 30	<u>\$ 3,234,951</u>	<u>\$ (13,875)</u>	<u>\$ 3,221,076</u>	<u>\$ 5,531,389</u>	<u>\$ 4,434,650</u>

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

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
<u>Recapitulation:</u>					
<u>Restricted Fund Balance:</u>					
Excess Surplus - Restricted For 2022-2023	\$ 790,000				
Excess Surplus - Restricted For 2022-2023	600,000				
Tuition Reserve Restricted for 2023-2024	399,000				
Tuition Reserve Restricted for 2022-2023	350,000				
Capital Reserve	1,672,155				
Maintenance Reserve	309,695				
Unemployment Compensation	193,228				
<u>Assigned Fund Balance:</u>					
Year End Encumbrances	55,890				
Designated for Subsequent Year's Expenditures	181,569				
Unassigned Fund Balance	979,852				
	5,531,389				
			(91,209)		
<u>Reconciliation to Governmental Funds Statement (GAAP):</u>					
Last State Aid Payments not Recognized on GAAP basis				\$ 5,440,180	
<u>Fund Balance per Governmental Funds (GAAP)</u>				5,440,180	

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources	\$ 32,350	\$ 88,932	\$ 121,282	\$ 120,081	\$ (1,201)
State Sources		13,022	13,022	13,022	
Federal Sources	149,801	520,259	670,060	454,488	(215,572)
Total Revenue	182,151	622,213	804,364	587,591	(216,773)
Expenditures:					
Instruction:					
Salaries of Teachers	10,000	103,402	113,402	92,740	20,662
Purchased Professional/Technical Services		28,740	28,740	4,000	24,740
Tuition	117,196	49,089	166,285	166,285	
General Supplies	22,105	35,266	57,371	52,975	4,396
Total Instruction	149,301	216,497	365,798	316,000	49,798
Support Services:					
Salaries of Other Professional Staff		119,719	119,719	70,477	49,242
Purchased Professional/Technical Services	10,500	142,705	153,205	63,529	89,676
Purchased Professional/Educational Services		7,980	7,980	7,980	
Purchase Property Services		12,429	12,429	12,429	
Supplies and Materials		21,147	21,147	15,440	5,707
Student Activities	22,350	101,736	124,086	59,281	64,805
Total Support Services	32,850	405,716	438,566	229,136	209,430
Total Expenditures	\$ 182,151	\$ 622,213	\$ 804,364	\$ 545,136	\$ 259,228
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ 42,455	\$ 42,455

MORRIS PLAINS BOROUGH 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	\$ 21,696,865	\$ 587,591
Differences - Budgetary to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		
Current Year Encumbrances - Local Grants		(7,415)
Prior Year Encumbrances - Federal Grants		873
Prior Year State Aid Payment Recognized for GAAP Statements	77,005	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(91,209)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 21,682,661	\$ 581,049
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 20,720,996	\$ 545,136
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		
Current Year Encumbrances - Local Grants		(7,415)
Prior Year Encumbrances - Federal Grants		873
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 20,720,996	\$ 538,594

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)l. Appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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



SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

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

	CRRSA			ARP		
	ESSER II	Learning Acceleration	Mental Health	ESSER III	Learning and Enrichment	Beyond the School Day
<b>REVENUE:</b>						
Local Sources						
State Sources						
Federal Sources	\$ 43,342	\$ 15,804	\$ 45,000	\$ 108,062	\$ 7,324	\$ 16,710
Total Revenue	43,342	15,804	45,000	108,062	7,324	16,710
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers				80,740		4,000
Purchased Professional/Technical Services						
Tuition		15,804				
General Supplies						
Total Instruction		15,804		80,740		4,000
Support Services:						
Salaries of Other Professional Staff	43,342			12,475		12,710
Purchased Professional/Technical Services			45,000		7,324	
Purchased Professional Educational Services						
Purchased Property Services				14,847		
Supplies and Materials						
Student Activities						
Total Support Services	43,342		45,000	27,322	7,324	12,710
Total Expenditures	\$ 43,342	\$ 15,804	\$ 45,000	\$ 108,062	\$ 7,324	\$ 16,710

MORRIS PLAINS BOROUGH 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		
REVENUE:	Emergent and Capital Maintenance Needs	Title I	Title IIA	Title IV	Basic	Preschool
Local Sources						
State Sources	\$ 13,022	\$ 19,980	\$ 11,205	\$ 9,604	\$ 143,221	\$ 6,652
Federal Sources						
<b>Total Revenue</b>	13,022	19,980	11,205	9,604	143,221	6,652
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers		12,000				
Purchased Professional-Technical Services					143,221	
Tuition				9,604		6,652
General Supplies						
<b>Total Instruction</b>		12,000		9,604	143,221	6,652
Support Services:						
Salaries of Other Professional Staff			11,205			
Purchased Professional/Technical Services						
Purchased Professional Educational Services		7,980				
Purchased Property Services	12,429					
Supplies and Materials	593					
Student Activities						
<b>Total Support Services</b>	13,022	7,980	11,205			
<b>Total Expenditures</b>	\$ 13,022	\$ 19,980	\$ 11,205	\$ 9,604	\$ 143,221	\$ 6,652

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

	IDEA				
	ARP Basic	ARP Preschool	Local Grants	Student Activities	Totals
<b>REVENUE:</b>					
Local Sources			\$ 18,345	\$ 101,736	\$ 120,081
State Sources					13,022
Federal Sources	\$ 25,416	\$ 2,168			454,488
<b>Total Revenue</b>	25,416	2,168	18,345	101,736	587,591
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers					92,740
Purchased Professional/Technical Services					4,000
Tuition	23,064				166,285
General Supplies	402	2,168	18,345		52,975
<b>Total Instruction</b>	23,466	2,168	18,345		316,000
Support Services:					
Salaries of Other Professional Staff	1,950				70,477
Purchased Professional/Technical Services					63,529
Purchased Professional Educational Services					7,980
Purchased Property Services					12,429
Supplies and Materials					15,440
Student Activities				59,281	59,281
<b>Total Support Services</b>	1,950			59,281	229,136
<b>Total Expenditures</b>	\$ 25,416	\$ 2,168	\$ 18,345	\$ 59,281	\$ 545,136

CAPITAL PROJECTS FUND

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Revenue:	
Interest Earned	\$ 2,594
Total Revenues	<u>2,594</u>
Expenditures:	
Construction Services	<u>268,850</u>
Total Expenditures	<u>268,850</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(266,256)
Other Financing Sources/(Uses):	
Transfers Out - Debt Service Fund	<u>(2,594)</u>
Total Other Financing Sources/(Uses)	<u>(2,594)</u>
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(268,850)
Fund Balance - Beginning Balance	<u>610,626</u>
Fund Balance - Ending Balance	<u>\$ 341,776</u>
<u>Recapitulation:</u>	
Restricted Fund Balance	<u>\$ 341,776</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
2017 REFERENDUM  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 6,242,000		\$ 6,242,000	\$ 6,242,000
Total Revenue and Other Financing Sources	6,242,000		6,242,000	6,242,000
Expenditures:				
Construction Services	5,631,374	\$ 268,850	5,900,224	6,242,000
Total Expenditures	5,631,374	268,850	5,900,224	6,242,000
Excess/Deficiency of Revenue and Other Financing Sources Over/Under Expenditures	\$ 610,626	\$ (268,850)	\$ 341,776	\$ -0-

**Additional Project Information:**

Project Numbers	N/A
Grant Date	N/A
Bond Authorization Date	9/27/2017
Bonds Authorized	\$ 6,242,000
Additional Bonds Authorized	N/A
Bonds Issued	\$ 6,242,000
Original Authorized Cost	\$ 6,242,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	94.52%
Original Target Completion Date	06/30/19
Revised Target Completion Date	06/30/23



PROPRIETARY FUNDS

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2022

## ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 6,097
Intergovernmental Accounts Receivable:	
Federal	20,965
State	482
Interfund Accounts Receivable:	
General Fund	55,153
Inventories	5,568

Total Current Assets	<u>88,265</u>
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## Non-Current Assets:

Capital Assets	72,118
Less: Accumulated Depreciation	<u>(58,493)</u>

Total Non-Current Assets	<u>13,625</u>
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Total Assets	<u>101,890</u>
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## LIABILITIES:

## Current Liabilities:

Accounts Payable - Vendors	15,340
Unearned Revenue - Prepaid Sales	6,262
Unearned Revenue - Donated Commodities	<u>1,432</u>

Total Current Liabilities	<u>23,034</u>
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## NET POSITION:

Investment in Capital Assets	13,625
Unrestricted	<u>65,231</u>

Total Net Position	<u>\$ 78,856</u>
--------------------	------------------

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Operating Revenue:	
Miscellaneous Revenue	\$ 677
Total Operating Revenue	<u>677</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	113,950
Salaries, Benefits & Payroll Taxes	81,039
Supplies, Insurance & Other Costs	10,103
Management Fee	8,400
Depreciation Expense	2,236
Total Operating Expenses	<u>215,728</u>
Operating Loss	(215,051)
Non-Operating Income:	
Local Sources:	
Interest Income	41
State Sources:	
COVID 19 - Seamless Summer Option	6,046
Federal Sources:	
COVID 19 - Seamless Summer Option	233,040
COVID 19 - Emergency Operational Cost Reimbursement Program	1,641
COVID 19 - Pandemic Electronic Benefit Transfer (P-EBT)	1,242
Food Distribution Program	15,334
Total Non-Operating Income	<u>257,344</u>
Change in Net Position Before Other Item	42,293
Disposal of Capital Asset, Net	<u>(1,149)</u>
Change in Net Position After Other Item	41,144
Net Position - Beginning of Year	<u>37,712</u>
Net Position - End of Year	<u>\$ 78,856</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 677
Payments to Employees	(81,039)
Payments to Food Service Vendor	(94,280)
Payments to Suppliers	(10,103)
Net Cash (Used for) Operating Activities	<u>(184,745)</u>
Cash Flows Provided for Investing Activities:	
Local Sources:	
Interest Income	41
Net Cash Provided by Investing Activities	<u>41</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	6,208
Federal Sources	224,001
Interfund - General Fund	(39,457)
Net Cash Provided by Noncapital Financing Activities	<u>190,752</u>
Net Increase in Cash and Cash Equivalents	6,048
Cash and Cash Equivalents, July 1	<u>49</u>
Cash and Cash Equivalents, June 30	<u>\$ 6,097</u>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (215,051)
Adjustment to Reconcile Operating (Loss) to Net Cash (Used for) Operating Activities:	
Depreciation	2,236
Food Distribution Program	15,334
Changes in Assets and Liabilities:	
(Increase) in Inventory	(1,367)
Increase In Unearned Revenue - Prepaid Sales	171
Increase in Unearned Revenue - Donated Commodities	173
Increase in Accounts Payable	13,759
Net Cash (Used for) Operating Activities	<u>\$ (184,745)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities through the Food Distribution Program valued at \$15,507 and Utilized Commodities Valued at \$15,334.

FIDUCIARY ACTIVITIES  
(NOT APPLICABLE)

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Retired or Matured	Balance June 30, 2021	Balance June 30, 2022
			Date	Amount				
Refunding School Bonds	06/01/11	\$ 4,470,000	02/15/23	\$ 450,000	5.000%	\$ 435,000	\$ 885,000	\$ 450,000
Various Improvements to Borough Schools	12/15/16	6,242,000	07/15/22	390,000	3.000%			
			07/15/23	400,000	3.000%			
			07/15/24	415,000	3.000%			
			07/15/25	425,000	3.000%			
			07/15/26	440,000	3.000%			
			07/15/27	450,000	3.000%			
			07/15/28	465,000	3.125%			
			07/15/29	480,000	3.125%			
			07/15/30	495,000	3.250%			
			07/15/31	510,000	3.250%			
							4,850,000	4,470,000
							<u>\$ 5,735,000</u>	<u>\$ 4,920,000</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
LONG-TERM DEBT  
STATEMENT OF OBLIGATIONS UNDER FINANCED PURCHASES

<u>Purpose</u>	<u>Int. Rate</u>	<u>Original Issue</u>	<u>Restated Balance July 1, 2021</u>	<u>Matured</u>	<u>Balance June 30, 2022</u>
Chromebooks	2.29%	\$ 358,038	\$ 265,702	\$ 86,570	\$ 179,132
Computers	4.10%	52,413	11,358	11,358	
			<u>\$ 277,060</u>	<u>\$ 97,928</u>	<u>\$ 179,132</u>



MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER LEASES

Purpose	Interest Rate	Original Issue	Restated Balance July 1, 2021	Issued	Matured	Balance June 30, 2022
Xerox Copiers	3.10%	\$ 15,847	\$ 14,865		\$ 3,007	\$ 11,858
Xerox Copiers	3.10%	185,976		\$ 185,976	11,523	174,453
Board Office Lease	3.00%	254,176	199,064		39,844	159,220
			<u>\$ 213,929</u>	<u>\$ 185,976</u>	<u>\$ 54,374</u>	<u>\$ 345,531</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE 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	\$ 783,217		\$ 783,217	\$ 783,217	
State Sources:					
Debt Service Aid Type II	177,988		177,988	177,988	
Total Revenues	961,205		961,205	961,205	
EXPENDITURES:					
Regular Debt Service:					
Interest	187,744		187,744	187,744	
Redemption of Principal	815,000		815,000	815,000	
Total Regular Debt Service	1,002,744		1,002,744	1,002,744	
Total Expenditures	1,002,744		1,002,744	1,002,744	
Other Financing Sources:					
Transfers In - Capital Projects Fund- Interest				2,594	\$ 2,594
Total Other Financing Sources				2,594	2,594
Excess/(Deficiency) of Revenues and Other Financing Sources					
Over/(Under) Expenditures	(41,539)		(41,539)	(38,945)	2,594
Fund Balance, July 1	44,774		44,774	44,774	
Fund Balance, June 30	\$ 3,235	\$ -0-	\$ 3,235	\$ 5,829	\$ 2,594
<u>Recapitulation of Fund Balance:</u>					
Restricted for Subsequent Year's Expenditures					\$ 3,235
Restricted					2,594

**STATISTICAL SECTION**  
(UNAUDITED)

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

**Contents**

	<b><u>Exhibit</u></b>
<b>Financial Trends</b> 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
<b>Revenue Capacity</b> 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
<b>Debt Capacity</b> 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
<b>Demographic and Economic Information</b> 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
<b>Operating Information</b> 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 School provides and the activities it performs.	J-16 thru J-20

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

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

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	Restated 2021	2022
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 11,296,836	\$ 11,443,546	\$ 11,962,473	\$ 12,246,143	\$ 12,692,104	\$ 13,000,985	\$ 13,302,968	\$ 13,676,743	\$ 13,162,492	\$ 12,989,393
Restricted	1,513,176	1,758,329	2,471,676	2,954,975	2,588,370	2,718,589	3,313,077	3,287,933	3,235,590	4,431,768
Unrestricted/(Deficit)	285,399	(1,600,072)	(2,108,562)	(2,251,451)	(2,415,185)	(2,384,597)	(2,458,730)	(2,116,281)	(1,882,082)	(1,478,836)
<b>Total Governmental Activities Net Position</b>	<b>\$ 13,095,411</b>	<b>\$ 11,601,803</b>	<b>\$ 12,325,587</b>	<b>\$ 12,949,667</b>	<b>\$ 12,865,289</b>	<b>\$ 13,334,977</b>	<b>\$ 14,157,315</b>	<b>\$ 14,848,395</b>	<b>\$ 14,516,000</b>	<b>\$ 15,942,325</b>
<b>Business-Type Activities</b>										
Investment in Capital Assets	\$ 27,197	\$ 23,318	\$ 18,652	\$ 15,112	\$ 23,412	\$ 19,533	\$ 18,632	\$ 17,731	\$ 17,010	\$ 13,625
Unrestricted	7,608	14,108	12,919	9,752	10,714	8,512	17,233	967	20,702	65,231
<b>Total Business-Type Activities Net Position</b>	<b>\$ 34,805</b>	<b>\$ 37,426</b>	<b>\$ 31,571</b>	<b>\$ 24,864</b>	<b>\$ 34,126</b>	<b>\$ 28,045</b>	<b>\$ 35,865</b>	<b>\$ 18,698</b>	<b>\$ 37,712</b>	<b>\$ 78,856</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 11,324,033	\$ 11,466,864	\$ 11,981,125	\$ 12,261,255	\$ 12,715,516	\$ 13,020,518	\$ 13,321,600	\$ 13,694,474	\$ 13,179,502	\$ 13,003,018
Restricted	1,513,176	1,758,329	2,471,676	2,954,975	2,588,370	2,718,589	3,313,077	3,287,933	3,235,590	4,431,768
Unrestricted/(Deficit)	293,007	(1,585,964)	(2,095,643)	(2,241,699)	(2,404,471)	(2,376,085)	(2,441,497)	(2,115,314)	(1,861,380)	(1,413,605)
<b>Total District Net Position</b>	<b>\$ 13,130,216</b>	<b>\$ 11,639,229</b>	<b>\$ 12,357,158</b>	<b>\$ 12,974,531</b>	<b>\$ 12,899,415</b>	<b>\$ 13,363,022</b>	<b>\$ 14,193,180</b>	<b>\$ 14,867,093</b>	<b>\$ 14,553,712</b>	<b>\$ 16,021,181</b>

Source: School District Financial Reports

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 4,509,210	\$ 4,443,456	\$ 5,168,959	\$ 5,904,917	\$ 6,309,797	\$ 7,252,349	\$ 7,108,223	\$ 6,864,703	\$ 7,422,698	\$ 6,535,068
Special Education	1,372,828	1,387,168	1,880,116	2,033,797	2,441,312	2,209,507	1,767,664	1,773,076	1,588,062	2,050,684
Other Instruction	333,603	277,576	308,633	438,998	458,758	503,797	509,288	497,189	458,364	571,080
Support Services:										
Tuition	4,813,104	4,673,662	4,727,473	4,319,777	4,512,658	4,977,045	5,186,563	5,813,433	5,732,126	4,710,074
Student & Instruction Related Services	1,384,421	1,477,922	1,467,110	1,669,864	1,749,831	1,482,176	1,563,648	1,687,126	1,876,443	2,174,948
General and Business Administrative Services	483,959	361,504	372,336	431,732	492,622	526,262	529,941	489,169	439,217	507,550
School Administrative Services	418,865	458,597	539,080	565,157	684,924	729,600	668,636	680,986	809,599	792,945
Central Services	308,215	312,066	333,638	324,724	354,387	367,261	389,835	372,338	382,768	463,656
Administrative Information Technology	10,192	32,286	30,863	7,194	11,753	113,637	120,496	75,445	66,284	69,987
Plant Operations And Maintenance	1,018,900	1,148,966	1,143,834	1,101,142	1,208,502	1,084,206	1,141,241	1,108,983	1,187,284	1,385,650
Pupil Transportation	671,570	747,381	733,951	748,157	852,765	950,618	944,365	1,057,659	990,661	918,337
Interest On Long-Term Debt	171,249	152,529	140,297	125,363	210,353	274,171	243,933	212,284	179,953	148,084
Unallocated Depreciation	400,190	394,877	394,877	391,815	558,737	405,038	410,106	410,106	1,316,876	1,018,122
Capital Outlay	39,323	80,562	56,562	56,562	143,482	15,655	56,562	56,562	137,041	79,411
Charter Schools	46,868	57,404	37,483	66,386	92,960	114,316	97,200	191,920	210,707	129,944
Total Governmental Activities Expenses	\$ 15,982,497	\$ 16,005,956	\$ 17,335,212	\$ 18,185,585	\$ 20,082,841	\$ 21,005,638	\$ 20,737,701	\$ 21,290,979	\$ 22,798,083	\$ 21,555,540
Business-Type Activities:										
Food Service	129,107	134,253	128,552	119,095	105,046	126,300	115,679	114,368	141,838	215,728
Total Business-Type Activities Expense	\$ 129,107	\$ 134,253	\$ 128,552	\$ 119,095	\$ 105,046	\$ 126,300	\$ 115,679	\$ 114,368	\$ 141,838	\$ 215,728
Total District Expenses	\$ 16,111,604	\$ 16,140,209	\$ 17,463,764	\$ 18,304,680	\$ 20,187,887	\$ 21,131,938	\$ 20,853,380	\$ 21,405,347	\$ 22,939,921	\$ 21,771,268

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(accrual basis of accounting)*  
*(Continued)*

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Program Revenues:</b>										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 74,290	\$ 63,807	\$ 73,704	\$ 175,851	\$ 126,687	\$ 140,969	\$ 216,942	\$ 206,343	\$ 90,266	\$ 82,820
Student & Instruction Related Services										
Operating Grants and Contributions	1,595,296	1,470,035	2,428,623	2,910,463	3,688,320	4,396,740	3,731,898	3,394,228	40,576	101,736
Capital Grants and Contributions					141,669				3,732,722	3,879,470
Total Governmental Activities Program Revenues	<u>1,669,586</u>	<u>1,533,842</u>	<u>2,502,327</u>	<u>3,086,314</u>	<u>3,956,676</u>	<u>4,537,709</u>	<u>3,948,840</u>	<u>3,600,571</u>	<u>3,863,564</u>	<u>4,064,026</u>
Business-Type Activities:										
Charges for Services:										
Food Service	98,593	103,735	94,622	86,499	82,291	82,904	81,945	53,565	4,001	
Operating Grants and Contributions	26,136	33,085	28,014	25,837	31,935	37,156	41,330	39,273	123,895	257,303
Total Business-Type Activities Program Revenues	<u>124,729</u>	<u>136,820</u>	<u>122,636</u>	<u>112,336</u>	<u>114,226</u>	<u>120,060</u>	<u>123,275</u>	<u>92,838</u>	<u>127,896</u>	<u>257,303</u>
Total District Program Revenues	<u>\$ 1,794,315</u>	<u>\$ 1,670,662</u>	<u>\$ 2,624,963</u>	<u>\$ 3,198,650</u>	<u>\$ 4,070,902</u>	<u>\$ 4,657,769</u>	<u>\$ 4,072,115</u>	<u>\$ 3,693,409</u>	<u>\$ 3,991,460</u>	<u>\$ 4,321,329</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (14,312,911)	\$ (14,472,114)	\$ (14,832,885)	\$ (15,099,271)	\$ (16,126,165)	\$ (16,467,929)	\$ (16,788,861)	\$ (17,690,408)	\$ (18,934,519)	\$ (17,491,514)
Business-Type Activities	(4,378)	2,567	(5,916)	(6,759)	9,180	(6,240)	7,596	(21,530)	(13,942)	41,575
Total District-Wide Net Expense	<u>\$ (14,317,289)</u>	<u>\$ (14,469,547)</u>	<u>\$ (14,838,801)</u>	<u>\$ (15,106,030)</u>	<u>\$ (16,116,985)</u>	<u>\$ (16,474,169)</u>	<u>\$ (16,781,265)</u>	<u>\$ (17,711,938)</u>	<u>\$ (18,948,461)</u>	<u>\$ (17,449,939)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 13,884,036	\$ 14,161,717	\$ 14,444,951	\$ 14,661,625	\$ 14,954,858	\$ 15,253,955	\$ 15,961,667	\$ 16,545,423	\$ 16,954,830	\$ 17,293,927
Taxes Levied for Debt Service	545,458	529,312	543,350	538,550	533,350	871,762	850,313	802,005	816,025	783,217
Unrestricted Grants and Contributions	261,013	487,755	433,325	442,368	472,400	715,228	705,347	689,846	730,338	748,696
Investment Earnings	6,917	7,582	12,616	10,153	20,806	43,319	40,194	35,677	7,096	8,592
Miscellaneous Income	74,045	96,674	122,427	70,655	60,373	53,353	53,678	62,151	189,387	83,407
Transfers/Other Items								(4,220)	(32,937)	
Total Governmental Activities	<u>14,771,469</u>	<u>15,283,040</u>	<u>15,556,669</u>	<u>15,723,351</u>	<u>16,041,787</u>	<u>16,937,617</u>	<u>17,611,199</u>	<u>18,130,882</u>	<u>18,664,739</u>	<u>18,917,839</u>
Business-Type Activities:										
Investment Earnings	44	54	61	52	82	159	224	143	18	41
Transfers/Other Items								4,220	32,937	(472)
Total Business-Type Activities	<u>44</u>	<u>54</u>	<u>61</u>	<u>52</u>	<u>82</u>	<u>159</u>	<u>224</u>	<u>4,363</u>	<u>32,955</u>	<u>(431)</u>
Total District-Wide	<u>\$ 14,771,513</u>	<u>\$ 15,283,094</u>	<u>\$ 15,556,730</u>	<u>\$ 15,723,403</u>	<u>\$ 16,041,869</u>	<u>\$ 16,937,776</u>	<u>\$ 17,611,423</u>	<u>\$ 18,135,245</u>	<u>\$ 18,697,694</u>	<u>\$ 18,917,408</u>
<b>Change in Net Position</b>										
Governmental Activities	458,558	810,926	723,784	624,080	(84,378)	469,688	822,338	440,474	(269,780)	1,426,325
Business-Type Activities	(4,334)	2,621	(5,855)	(6,707)	9,262	(6,081)	7,820	(17,167)	19,013	41,144
Total District	<u>\$ 454,224</u>	<u>\$ 813,547</u>	<u>\$ 717,929</u>	<u>\$ 617,373</u>	<u>\$ (75,116)</u>	<u>\$ 463,607</u>	<u>\$ 830,158</u>	<u>\$ 423,307</u>	<u>\$ (250,767)</u>	<u>\$ 1,467,469</u>

Source: School District Financial Reports

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 UNAUDITED  
 (modified accrual basis of accounting)

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Restricted	\$ 1,493,188	\$ 1,758,329	\$ 2,471,677	\$ 2,954,975	\$ 2,567,564	\$ 2,644,430	\$ 3,223,740	\$ 2,974,982	\$ 3,121,410	\$ 4,314,078
Assigned	184,901	191,621	427,209	168,030	314,104	342,475	318,382	533,226	287,445	237,459
Unassigned	494,360	535,244	246,366	440,582	488,567	538,780	507,526	533,321	885,486	888,643
Total General Fund	\$ 2,172,449	\$ 2,485,194	\$ 3,145,252	\$ 3,563,587	\$ 3,370,235	\$ 3,525,685	\$ 4,049,648	\$ 4,041,529	\$ 4,294,341	\$ 5,440,180
All Other Governmental Funds										
Restricted	\$ 19,988	\$ 336,800	\$ 32,500	\$ 23,722	\$ 5,428,167	\$ 2,120,766	\$ 903,190	\$ 706,470	\$ 724,805	\$ 459,466
Committed										
Total All Other Governmental Funds	\$ 19,988	\$ 336,800	\$ 32,500	\$ 23,722	\$ 5,428,167	\$ 2,120,766	\$ 903,190	\$ 706,470	\$ 724,805	\$ 459,466
Total Governmental Funds:										
Restricted	\$ 1,513,176	\$ 1,758,329	\$ 2,471,677	\$ 2,954,975	\$ 7,995,731	\$ 4,765,196	\$ 4,126,930	\$ 3,681,452	\$ 3,846,215	\$ 4,773,544
Committed		336,800	32,500	23,722						
Assigned	184,901	191,621	427,209	168,030	314,104	342,475	318,382	533,226	287,445	237,459
Unassigned	494,360	535,244	246,366	440,582	488,567	538,780	507,526	533,321	885,486	888,643
Total Governmental Funds	\$ 2,192,437	\$ 2,821,994	\$ 3,177,752	\$ 3,587,309	\$ 8,798,402	\$ 5,646,451	\$ 4,952,838	\$ 4,747,999	\$ 5,019,146	\$ 5,899,646

Source: School District Financial Reports

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 UNAUDITED  
 (modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Tax Levy	\$ 14,429,494	\$ 14,691,029	\$ 14,988,301	\$ 15,200,175	\$ 15,488,208	\$ 16,125,717	\$ 16,811,980	\$ 17,347,428	\$ 17,770,855	\$ 18,077,144
Tuition Charges	74,290	63,807	73,704	175,851	126,687	23,867	216,942	206,343	90,266	82,820
Interest Earned on Capital Reserve Funds						117,102	5,483	10,273	1,810	1,252
Miscellaneous	103,855	142,204	165,823	88,357	94,100	122,927	96,389	87,555	235,413	203,413
State Sources	1,641,810	1,734,024	1,806,254	1,976,083	2,322,749	2,749,885	3,069,759	3,139,963	3,644,888	4,405,717
Federal Sources	191,606	185,818	168,020	181,847	167,295	150,799	163,140	162,248	253,179	455,361
<b>Total Revenue</b>	<b>16,441,055</b>	<b>16,816,882</b>	<b>17,202,102</b>	<b>17,622,313</b>	<b>18,199,039</b>	<b>19,290,297</b>	<b>20,363,693</b>	<b>20,953,810</b>	<b>21,996,247</b>	<b>23,225,707</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	3,166,386	3,210,893	3,347,273	3,617,749	3,430,011	3,701,597	3,950,175	4,032,284	4,346,534	4,649,093
Special Education Instruction	988,009	1,055,349	1,201,399	1,232,179	1,344,195	1,231,958	1,144,352	1,079,407	964,101	1,248,639
School Sponsored/Other Instruction	234,836	201,554	194,545	259,094	247,550	305,226	282,012	290,857	283,110	319,259
<b>Tuition</b>	<b>4,813,104</b>	<b>4,673,662</b>	<b>4,727,473</b>	<b>4,319,777</b>	<b>4,512,658</b>	<b>4,977,045</b>	<b>5,186,563</b>	<b>5,813,433</b>	<b>5,732,126</b>	<b>4,710,074</b>
Student & Instruction Related Services	1,232,260	1,350,286	1,304,982	1,446,812	1,462,409	1,252,319	1,250,656	1,403,142	1,583,261	1,678,506
General And Business Administrative Services	419,158	372,092	385,540	439,352	423,168	458,980	445,291	422,654	377,952	388,551
School Administrative Services	274,119	299,931	312,891	310,791	337,507	343,487	343,490	375,182	399,661	397,319
Central Services	249,871	254,551	276,511	259,958	278,036	292,317	293,216	295,326	311,975	324,067
Administrative Information Technology	10,192	32,286	30,863	7,194	11,753	91,617	93,012	61,606	57,976	67,844
Plant Operations And Maintenance	904,630	1,022,033	1,031,131	966,886	1,053,533	938,195	968,473	966,013	1,050,811	1,160,516
Pupil Transportation	662,831	747,381	733,667	748,157	852,765	950,618	944,365	1,057,659	990,661	918,337
Allocated and Unallocated Benefits	2,342,393	2,125,135	2,268,227	2,653,352	2,970,452	3,300,000	3,706,180	3,824,707	4,194,830	4,927,049
<b>Debt Service:</b>										
Principal	360,000	365,000	370,000	380,000	390,000	722,000	765,000	780,000	795,000	815,000
Interest And Other Charges	195,100	184,300	173,350	158,550	143,350	326,979	283,006	252,369	220,244	187,744
Capital Outlay	387,590	235,468	451,009	346,519	1,679,599	3,435,594	1,304,315	307,870	423,820	609,242
Charter Schools	46,868	57,404	37,483	66,386	92,960	114,316	97,200	191,920	210,707	129,944
<b>Total Expenditures</b>	<b>16,287,347</b>	<b>16,187,325</b>	<b>16,846,344</b>	<b>17,212,756</b>	<b>19,229,946</b>	<b>22,442,248</b>	<b>21,057,306</b>	<b>21,154,429</b>	<b>21,942,769</b>	<b>22,531,184</b>
<b>Excess/(Deficiency) Of Revenues Over/(Under) Expenditures</b>	<b>153,708</b>	<b>629,557</b>	<b>355,758</b>	<b>409,557</b>	<b>(1,030,907)</b>	<b>(3,151,951)</b>	<b>(693,613)</b>	<b>(200,619)</b>	<b>53,478</b>	<b>694,523</b>
<b>Other Financing Sources (Uses)</b>										
Leases (Non-Budgeted)	210,468				6,242,000					185,976
Bond Proceeds					791,183	53,353	35,983	26,361	3,235	2,594
Transfers In		336,800	25,800	25,800	(791,183)	(53,353)	(35,983)	(30,581)	(36,172)	(2,594)
Transfers Out		(336,800)	(25,800)	(25,800)				(4,220)		
<b>Total Other Financing Sources (Uses)</b>	<b>210,468</b>	<b>\$ 629,557</b>	<b>\$ 355,758</b>	<b>\$ 409,557</b>	<b>\$ 5,211,093</b>	<b>\$ (3,151,951)</b>	<b>\$ (693,613)</b>	<b>\$ (204,839)</b>	<b>\$ 20,541</b>	<b>\$ 880,499</b>
<b>Net Change In Fund Balances</b>	<b>\$ 364,176</b>	<b>\$ 629,557</b>	<b>\$ 355,758</b>	<b>\$ 409,557</b>	<b>\$ 5,211,093</b>	<b>\$ (3,151,951)</b>	<b>\$ (693,613)</b>	<b>\$ (204,839)</b>	<b>\$ 20,541</b>	<b>\$ 880,499</b>
<b>Debt Service As A Percentage Of Noncapital Expenditures</b>	<b>3.49%</b>	<b>3.44%</b>	<b>3.31%</b>	<b>3.18%</b>	<b>3.03%</b>	<b>5.50%</b>	<b>5.29%</b>	<b>4.94%</b>	<b>4.71%</b>	<b>4.56%</b>

Source: School District Financial Reports



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

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Prior Year Refunds	Other	Total
2013	\$ 6,917	\$ 74,290	\$ 67,507	\$ 6,538	\$ 155,252
2014	7,582	63,807	51,938	44,736	168,063
2015	12,616	73,704	98,519	23,908	208,747
2016	10,153	175,851	65,827	4,828	256,659
2017	14,222	126,687	31,050	15,101	187,060
2018	26,536	140,969	1,040	15,742	184,288
2019	40,194	216,942	5,139	12,556	274,831
2020	35,677	206,343	17,796	11,809	271,625
2021	7,440	90,266	41,907	138,871 *	278,484
2022	5,998	82,820	58,917	24,490	172,225

\* - Includes an insurance refund

Source: Morris Plains Borough School District records

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

Year Ended December 31,	Vacant Land		Residential	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
	\$											
2012	\$ 16,048,400		\$ 849,535,800	\$ 427,875,100	\$ 85,640,000	\$ 21,950,000	\$1,401,049,300	\$ 66,296,900	\$	\$1,401,049,393	1.022	\$1,521,277,573
2013	10,647,500		868,739,400	410,971,500	59,415,000	21,950,000	1,371,723,400	66,845,600		1,371,723,493	1.062	1,481,912,270
2014	8,887,600		874,748,000	395,310,000	47,590,000	21,950,000	1,348,485,600	66,845,600		1,348,485,689	1.100	1,470,558,402
2015	9,046,500		874,850,100	389,508,600	47,590,000	21,950,000	1,342,945,200	64,684,000		1,342,945,289	1.124	1,470,558,402
2016	8,005,400		874,540,800	426,024,100	47,590,000	21,950,000	1,378,110,300	65,491,200		1,378,110,389	1.113	1,446,892,700
2017	7,255,000		876,719,800	424,884,500	47,590,000	21,950,000	1,378,399,300	68,493,000		1,378,399,300	1.165	1,479,276,731
2018	7,355,200		877,371,900	426,432,800	47,590,000	21,950,000	1,380,699,900	68,839,400		1,380,699,900	1.165	1,498,726,966
2019	69,176,700		879,158,500	331,448,800	32,676,000	69,450,000	1,381,910,000	69,222,600		1,381,910,000	1.231	1,596,184,686
2020	68,641,800		881,406,600	330,104,300	35,540,000	69,450,000	1,385,142,700	69,045,000		1,385,142,700	1.268	1,533,255,817
2021	71,948,500		880,930,400	318,877,900	35,540,000	69,450,000	1,376,746,800	69,142,300		1,376,746,800	1.302	1,563,545,425

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are \$100 per assessed value

Source: Municipal Tax Assessor

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

Year Ended December 31,	Morris Plains Borough School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Direct Rate			Municipality	Morris County	
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct			
2012	\$ 0.982	\$ 0.040	\$ 1.022	\$ 0.694	\$ 0.265	\$ 1.981
2013	1.024	0.038	1.062	0.723	0.267	2.052
2014	1.060	0.040	1.100	0.749	0.279	2.128
2015	1.084	0.040	1.124	0.723	0.267	2.114
2016	1.073	0.040	1.113	0.761	0.268	2.142
2017	1.102	0.063	1.165	0.776	0.279	2.220
2018	1.106	0.059	1.165	0.791	0.245	2.201
2019	1.174	0.057	1.231	0.809	0.301	2.341
2020	1.210	0.058	1.268	0.831	0.301	2.400
2021	1.246	0.056	1.302	0.852	0.295	2.449

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

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

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

Source: Municipal Tax Collector and School Business Administrator

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

**BOROUGH OF MORRIS PLAINS**

	2021		2012		Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer			
Honeywell International Inc		\$ 71,992,400	5.20%	Mc Neil - PPC Inc.	\$ 145,000,000	9.99%	
Mack-Cali Realty Corp		47,500,000	3.43%	M&M at Morris Plains LLC	40,175,000	2.77%	
US Home Corp D/B/A Lennar		42,169,000	3.04%	Vornado Realty Trust	34,500,000	2.38%	
Morris Plains Holding UE L.L.C.		28,950,000	2.09%	Individual Taxpayer #1	28,400,000	1.96%	
Tabor Road Owner, LLC		25,000,000	1.80%	PMW Associates LLC	28,000,000	1.93%	
Forty East Hanover LLC		21,950,000	1.58%	Mack-Cali Realty Corp	23,950,000	1.65%	
WU/LH 100 American LLC		18,050,000	1.30%	Forty East Hanover LLC	21,950,000	1.51%	
SHP VI Morris Plains LLC		17,670,000	1.28%	WU LH 100 American LLC	19,050,000	1.31%	
WU/LH 500 American LLC		17,600,000	1.27%	Stop & Shop Supermarket Co.	16,500,000	1.14%	
M&M at Morris Plains LLC		16,908,200	1.22%	Sunrise Morris Plains Assisted Living	11,200,000	0.77%	
<b>Total</b>		<b>\$ 307,789,600</b>	<b>22.22%</b>		<b>\$ 368,725,000</b>	<b>25.39%</b>	

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 14,429,494	\$ 14,429,494	100.00%	\$ -0-
2014	14,691,029	14,691,029	100.00%	-0-
2015	14,988,301	14,988,301	100.00%	-0-
2016	15,200,175	15,200,175	100.00%	-0-
2017	15,488,208	15,488,208	100.00%	-0-
2018	16,125,717	16,125,717	100.00%	-0-
2019	16,811,980	16,811,980	100.00%	-0-
2020	17,347,428	17,347,428	100.00%	-0-
2021	17,770,855	16,287,954	91.66%	1,482,901
2022	18,077,144	18,077,144	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Financed Purchases/ Leases			
2013	\$ 4,060,000	\$ 210,468	\$ 4,270,468	0.94%	\$ 764
2014	3,695,000	141,268	3,836,268	0.82%	688
2015	3,325,000	71,116	3,396,116	0.69%	610
2016	2,945,000		2,945,000	0.58%	531
2017	8,797,000		8,797,000	1.70%	1,593
2018	8,075,000		8,075,000	1.41%	1,369
2019	7,310,000		7,310,000	1.18%	1,169
2020	6,530,000		6,530,000	1.03%	1,049
2021*	5,735,000	277,060	6,012,060	0.96%	980
2022	4,920,000	179,132	5,099,132	0.81%	831

\* - Restated

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

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

Source: School District Financial Reports

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	\$ 4,060,000	-0-	\$ 4,060,000	0.28%	\$ 726
2014	3,695,000	-0-	3,695,000	0.26%	663
2015	3,325,000	-0-	3,325,000	0.24%	597
2016	2,945,000	-0-	2,945,000	0.22%	531
2017	8,797,000	-0-	8,797,000	0.66%	1,593
2018	8,075,000	-0-	8,075,000	0.59%	1,369
2019	7,310,000	-0-	7,310,000	0.53%	1,169
2020	6,530,000	-0-	6,530,000	0.47%	1,049
2021	5,735,000	-0-	5,735,000	0.41%	935
2022	4,920,000	-0-	4,920,000	0.36%	802

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

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

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

Source: School District Financial Reports

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2021  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable <sup>a</sup></u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Debt Repaid With Property Taxes:			
Borough of Morris Plains	\$ 13,505,146	100.00%	\$ 13,505,146
Morris County General Obligation Debt	235,030,042	1.57% <sup>a</sup>	<u>3,692,005</u>
Subtotal, Overlapping Debt			17,197,151
Morris Plains School District Direct Debt			<u>5,355,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 22,552,151</u></u>

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

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

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



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

<u>Legal Debt Margin Calculation for Fiscal Year 2022</u>	
	Morris Plains
	Borough
	\$ 1,517,748,490
	1,561,780,020
	1,517,748,490
	<u>\$ 4,597,277,000</u>
Average Equalized Valuation of Taxable Property	
	<u>\$ 1,532,425,667</u>
	<u>\$ 45,972,770</u>
	<u>4,920,000</u>
	<u>\$ 41,052,770</u>

	<u>Fiscal Year June 30,</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>
Debt Limit	\$ 46,330,438	\$ 43,973,935	\$ 43,973,935	\$ 43,328,464	\$ 43,607,319	\$ 43,607,319	\$ 45,347,453	\$ 45,854,826	\$ 46,627,184	\$ 45,972,770
Total Net Debt Applicable to Limit	<u>4,060,000</u>	<u>3,695,000</u>	<u>3,325,000</u>	<u>2,945,000</u>	<u>8,797,000</u>	<u>8,075,000</u>	<u>7,310,000</u>	<u>6,530,000</u>	<u>5,735,000</u>	<u>4,920,000</u>
Legal Debt Margin	<u>\$ 42,270,438</u>	<u>\$ 40,278,935</u>	<u>\$ 40,648,935</u>	<u>\$ 40,383,464</u>	<u>\$ 34,810,319</u>	<u>\$ 35,532,319</u>	<u>\$ 38,037,453</u>	<u>\$ 39,324,826</u>	<u>\$ 40,892,184</u>	<u>\$ 41,052,770</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	8.76%	8.40%	7.56%	6.80%	20.17%	18.52%	16.12%	14.24%	12.30%	10.70%

a Limit set by NISA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts.

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

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

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Morris County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2013	5,589	\$ 452,854,314	\$ 81,026	6.30%
2014	5,574	469,815,738	84,287	4.70%
2015	5,567	491,554,966	88,298	4.20%
2016	5,544	505,901,088	91,252	4.00%
2017	5,522	516,549,968	93,544	4.00%
2018	5,900	573,739,600	97,244	3.30%
2019	6,251	619,724,140	99,140	2.90%
2020	6,223	636,158,621	102,227	7.80%
2021	6,135	627,162,645 *	102,227 **	5.30%
2022	6,135 *	627,162,645 *	102,227 **	N/A

\* - Latest population data available (2021) was used for calculation purposes.

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

N/A - Not Available

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development.

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.

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

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development.

Source: School District Reports

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

**COUNTY OF MORRIS**

	2021		2012		Percentage of Total Employment
	Employer	Employees	Employer	Employees	
Atlantic Health System		10,516	Novartis	6,200	2.25%
US Army Armament R&D		6,000	Picatinny Arsenal	5,841	2.12%
Novartis		5,200	Atlantic Health system	5,576	2.02%
Bayer		3,483	ADP	1,947	0.71%
Barclays		3,000	County of Morris	1,838	0.67%
Automatic Data Processing, Inc.		2,200	Saint Clare's	1,662	0.60%
Accenture		2,009	Wyndham Worldwide Corporation	1,546	0.56%
Deloitte & Touche		1,492	BASF Corporation	1,500	0.54%
St. Clare's Health System		1,491	Accenture	1,498	0.54%
County of Morris		1,438	Chilton Memorial	1,440	0.52%
<b>Total</b>		<b>36,829</b>		<b>29,048</b>	<b>10.53%</b>
<b>Total County Labor Force</b>		<b>262,719</b>		<b>275,962</b>	

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

Source: Morris County Treasurer's Office

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instruction:										
Regular	41.0	41.0	41.0	48.0	49.0	49.0	52.5	54.1	56.1	55.1
Special Education	22.0	22.0	29.0	28.0	29.0	29.0	32.0	31.0	30.0	33.0
Other Instruction			2.0	2.0	2.0	2.0	2.0			
Support Services:										
Student & Instruction Related Services	7.0	7.0		7.0	7.5	7.5	7.5	8.7	9.0	8.5
School Administration Services	4.0	4.0	5.0	5.0	5.0	5.0	5.0	4.5	4.5	4.7
General Administration Services	4.0	4.0	7.0	7.0	7.0	7.0	6.5	2.0	2.0	2.0
Other Administrative Services										
Central Services	1.5	2.0	3.0	3.0	3.0	3.0	3.0	3.9	3.7	3.7
Other Support Services			0.5	0.5	0.5	0.5	0.5	2.5	2.5	2.3
Plant Operations and Maintenance	9.0	9.0	8.0	3.0	8.5	8.5	8.5	8.5	8.0	8.5
Pupil Transportation	0.5	0.5	0.5	0.5	0.5	0.5	0.5			
<b>Total</b>	<b>89.0</b>	<b>89.5</b>	<b>96.0</b>	<b>104.0</b>	<b>112.0</b>	<b>112.0</b>	<b>118.0</b>	<b>115.2</b>	<b>115.8</b>	<b>117.8</b>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2013	615.0	\$ 15,344,657	\$ 24,951	5.82%	57.0	1:10.9	612.0	590.4	-2.08%	96.47%
2014	638.0	15,402,557	24,142	-3.24%	58.0	1:10.9	638.0	612.9	4.25%	96.07%
2015	611.0	15,851,985	25,944	7.47%	64.0	1:10.9	612.0	581.8	-4.08%	95.06%
2016	575.0	16,327,687	28,396	9.45%	72.0	1:10.9	602.0	579.5	-1.63%	96.26%
2017	583.0	17,016,997	29,189	2.79%	80.0	1:10.9	574.6	560.3	-4.55%	97.51%
2018	573.0	17,957,675	31,340	7.37%	80.0	1:10.9	571.0	548.0	-0.63%	95.97%
2019	570.0	18,704,985	32,816	4.71%	84.5	1:10.9	572.0	549.0	0.18%	95.98%
2020	600.0	19,814,190	33,024	0.63%	85.1	1:10.9	701.5	682.0	22.64%	97.22%
2021	576.0	20,503,705	35,597	7.79%	86.1	1:10.9	569.9	556.8	-18.76%	97.70%
2022	581.0	20,919,198	36,006	1.15%	88.2	1:10.9	570.7	544.1	0.15%	95.32%

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The cost per pupil calculated above is the sum of the operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

Source: Morris Plains Borough School District records

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

<u>District Building</u>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Mountain Way School (1969, 1985)										
Square Feet	29,658	29,658	29,658	29,658	29,658	29,653	29,653	29,653	29,653	29,653
Capacity (students)	265	265	265	265	265	265	265	265	265	265
Enrollment	209	223	207	208	211	204	201	216	193	209
Borough School (1972, 1992)										
Square Feet	90,200	90,200	90,200	90,200	90,200	90,200	20,200	20,200	20,200	20,200
Capacity (students)	697	697	697	697	697	697	697	697	697	697
Enrollment	406	415	404	367	372	369	369	384	383	372

Number of Schools at June 30, 2022

Elementary = 1

Middle School = 1

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

Source: Morris Plains Borough School District Facilities Office

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
UNAUDITED

## Undistributed Expenditures:

Required Maintenance for School Facilities 11-000-261-XXX

<u>School Facilities</u>	<u>Projects #</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Borough	N/A	\$ 152,978	\$ 184,410	\$ 227,129	\$ 159,230	\$ 194,747
Mountain Way	N/A	64,729	40,480	49,858	77,234	94,461
		<u>\$ 217,707</u>	<u>\$ 224,890</u>	<u>\$ 276,987</u>	<u>\$ 236,464</u>	<u>\$ 289,208</u>

<u>School Facilities</u>	<u>Projects #</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Borough	N/A	\$ 174,245	\$ 151,187	\$ 174,900	\$ 208,262	\$ 174,147
Mountain Way	N/A	84,517	75,593	99,306	106,271	93,250
		<u>\$ 258,762</u>	<u>\$ 226,780</u>	<u>\$ 274,206</u>	<u>\$ 314,533</u>	<u>\$ 267,397</u>

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

N/A - Not Applicable

Source: Morris Plains Borough School District records

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2022  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSIG		
Property - Blanket Building and Contents	\$ 500,000,000	\$ 2,500
Electronic Data Processing	500,000	1,000
Comprehensive General Liability	31,000,000	
Comprehensive Personal and Advertising Injury	31,000,000	
Sexual Abuse	15,000,000	per occurrence
Sexual Abuse	27,000,000	annual NJSIG aggregate
Comprehensive Medical Expense Limit	5,000	
Comprehensive Automotive Liability	31,000,000	
School District Legal Liability - NJSIG		
Coverage A	31,000,000	5,000
Coverage B (each claim)	100,000	5,000
Coverage B (each policy period)	300,000	
Surety Bonds - NJSIG		
Board Secretary	300,000	1,000
Treasurer	300,000	1,000
Worker's Compensation - NJSIG		
Bodily Injury by Accident- Each Accident	3,000,000	
Bodily Injury by Disease- Each Employee	3,000,000	
Bodily Injury by Disease- Aggregate	3,000,000	
Student Accident - Zurich		
Accident Medical	1,000,000	
Cyber Liability - AXIS		
Aggregate First Party Limit of Insurance	1,000,000	5,000
Cyber Extortion	1,000,000	5,000

Source: Morris Plains Borough 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 Plains Borough School District  
County of Morris, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Morris Plains Borough School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 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 October 26, 2022. That report included a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

**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.

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

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

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

October 26, 2022  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Valerie A. Dolan*

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

Report on Compliance For Each Major State Program;  
Report on Internal Control Over Compliance Required by NJOMB 15-08

Independent Auditors' Report

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

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

***Opinion on Each Major State Program***

We have audited the Morris Plains Borough School District (the District) compliance with the types of compliance requirements identified as subject to audit in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2022. The District's major 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 state programs for the fiscal year ended June 30, 2022.

***Basis for Opinion on Each Major 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 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 Plains Borough 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 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 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.

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

**Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 New Jersey’s OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

October 26, 2022  
Mount Arlington, New Jersey

*Nisiroccia LLP*  
NISIVOCCIA LLP

*Valerie A. Dolan*

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

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

Federal Grantor/Pass Through Grantor Program/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021			Cancellation of Prior Year Encumbrance	Balance at June 30, 2022		Amount Provided to Subrecipients
					Budgetary Accounts Receivable	Unearned Revenue	Cash Received		Budgetary Expenditures	Budgetary Accounts Receivable	
U.S. Department of Education											
Passed-through State Department of Education:											
Special Education Cluster:											
I.D.E.A. Part B, Basic	84.027	IDEA338021	7/1/20-9/30/21	\$ 146,495	\$ 14,875	\$ 14,875		\$ 14,875			
I.D.E.A. Part B, Basic	84.027	IDEA338022	7/1/21-9/30/22	143,221		118,109			\$ 25,112		
I.D.E.A. Part B, Preschool	84.173	IDEA338021	7/1/20-9/30/21	5,862	1,811	1,811					
I.D.E.A. Part B, Preschool	84.173	IDEA338022	7/1/21-9/30/22	6,652		1,959			4,693		
COVID 19-ARP - I.D.E.A. Part B, Basic	84.027X	IDEA33802X	7/1/21-9/30/22	25,416		17,785			7,631		
COVID-19-ARP I.D.E.A. Part B, Preschool	84.173X	IDEA33802X	7/1/21-9/30/22	2,168		1,915			253		
Total Special Education Cluster					16,686	156,454			37,689		
Elementary and Secondary Education Act											
Title I	84.010A	ESEA338022	7/1/21-9/30/22	20,780		7,980			12,000		
Title I	84.010A	ESEA338021	7/1/20-9/30/21	17,631		12,800					
Total Title I						20,780			12,000		
Title II, Part A	84.367A	ESEA338022	7/1/21-9/30/22	11,205		11,205					
Title II, Part A	84.367A	ESEA338021	7/1/20-9/30/21	13,125		8,075					
Total Title II, Part A						19,280					
Title IV	84.424	ESEA338022	7/1/21-9/30/22	10,014		9,604					
Title IV	84.424	ESEA338021	7/1/20-9/30/21	10,000		6,186					
Total Title IV						15,790					
Education Stabilization Fund:											
COVID-19 - CRRSA:											
Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	25,000		17,304			4,421		
Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000		45,000					
ESSER II	84.425D	S425D210027	3/18/20-9/30/23	52,084		27,167			16,175		
COVID-19 - ARP:											
Learning and Enrichment	84.425U	S425U210027	3/18/20-9/30/24	40,000					7,324		
Beyond the School Day	84.425U	S425U210027	3/18/20-9/30/24	40,000					16,710		
ESSER III	84.425U	S425U210027	3/18/20-9/30/24	117,056					108,062		
Total Education Stabilization Fund						89,471			152,692		
Total U.S. Department of Education					49,668	301,775			202,381		
Total Special Revenue Fund					49,668	301,775			202,381		

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

Federal Grantor/Pass Through Grantor Program/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021		Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrance	Balance at June 30, 2022		Amount Provided to Subrecipients
					Budgetary Accounts Receivable	Unearned Revenue				Budgetary Accounts Receivable	Unearned Revenue	
U.S. Department of Agriculture:												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Food Distribution Program	10.555	N/A	7/1/20-6/30/21	\$ 13,815	\$ 1,259	\$	\$ (1,259)					
Food Distribution Program	10.555	N/A	7/1/21-6/30/22	15,334		\$ 15,507	(14,075)			\$ 1,432		
COVID 19 - Seamless Summer Option	10.555	N/A	7/1/20-6/30/21	104,121	\$ 9,043	9,043						
COVID 19 - Seamless Summer Option	10.555	N/A	7/1/21-6/30/22	233,040		212,075	(233,040)			\$ 20,965		
COVID 19 - Emergency Operational Cost Reimbursement Program	10.555	N/A	7/1/21-6/30/22	1,641		1,641	(1,641)					
Total Child Nutrition Cluster - Total U.S. Department of Agriculture					9,043	1,259	238,266	(250,015)		20,965	1,432	
Pandemic Electronic Benefit Transfer (P-EBT)												
Administrative Costs	10.649	N/A	7/1/21-6/30/22	1,242		1,242	(1,242)					
Total U.S. Department of Agriculture					9,043	1,259	239,508	(251,257)		20,965	1,432	
Total Federal Awards					\$ 58,711	\$ 1,259	\$ 541,283	\$ (705,745)	\$ -0-	\$ 223,346	\$ 1,432	\$ -0-

N/A - Not Available/Applicable

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



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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021			Balance at June 30, 2022			MEMO	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Expenditures	GAAP Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable	Cumulative Total Expenditures
<b>New Jersey Department of Education</b>											
<b>General Fund:</b>											
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	\$ 95,804	\$ 8,056	\$	\$ 8,056					\$ 95,804
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	595,809	50,100		50,100					595,809
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	15,093	1,269		1,269					15,093
School Choice Aid	21-495-034-5120-068	7/1/20-6/30/21	209,070	17,580		17,580					209,070
Extraordinary Aid	21-495-034-5120-473	7/1/20-6/30/21	214,637	214,637		214,637					214,637
Non Public Transportation	21-495-034-5120-014	7/1/20-6/30/21	13,457	13,457		13,457					13,457
Homeless Tuition	N/A	7/1/20-6/30/21	45,155	45,155		45,155					45,155
Securing our Children's Future Bond Act	N/A	7/1/20-6/30/21	30,415	30,415		30,415					30,415
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	95,804		\$ 87,547	\$ (95,804)		\$ 8,257			95,804
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	734,724		671,403	(734,724)		63,321			734,724
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	15,093		13,792	(15,093)		1,301			15,093
School Choice Aid	22-495-034-5120-068	7/1/21-6/30/22	212,685		194,355	(212,685)		18,330			212,685
Extraordinary Aid	22-495-034-5120-473	7/1/21-6/30/22	255,867			(255,867)	\$ 255,867				255,867
Non Public Transportation	22-495-034-5120-014	7/1/21-6/30/22	15,660			(15,660)	15,660				15,660
Homeless Tuition	N/A	7/1/21-6/30/22	72,184			(72,184)	72,184				72,184
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21-6/30/22	393,518		374,150	(393,518)		19,368			393,518
On Behalf Contributions:											
TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21-6/30/22	460,718		460,718	(460,718)					460,718
TPAF Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22	1,944,476		1,944,476	(1,944,476)					1,944,476
TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	27,434		27,434	(27,434)					27,434
TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	748		748	(748)					748
Total General Fund State Aid/General Fund				380,669	4,155,292	(4,228,911)	363,079	454,288			5,448,351
<b>Special Revenue Fund:</b>											
School Development Authority:											
Emergent and Capital Maintenance Needs	N/A	7/1/21-6/30/22	13,022		13,022	(13,022)					13,022
Total Special Revenue Fund											13,022
<b>Debt Service Fund:</b>											
Debt Service Aid Type II	22-100-034-5120-123	7/1/21-6/30/22	177,988		177,988	(177,988)					177,988
Total Debt Service Fund											177,988

MORRIS PLAINS BOROUGH 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	Award Amount	Balance at June 30, 2021		Cash Received	Budgetary Expenditures	Balance at June 30, 2022		MEMO		
				Budgetary Accounts Receivable	Budgetary Unearned Revenue			GAAP Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable	Cumulative Total Expenditures	
<b>Enterprise Fund:</b>												
COVID 19 - Seamless Summer Option	21-100-010-3350-023	7/1/20-6/30/21	\$ 5,272	\$ 644	\$	644					\$ 5,272	
COVID 19 - Seamless Summer Option	22-100-010-3350-023	7/1/21-6/30/22	6,046			5,564	\$ (6,046)	\$ 482		\$ 482		6,046
Total Enterprise Fund				644		6,208	(6,046)	482		482		11,318
Total State Awards Subject to Single Audit Determination				\$ 381,313	\$ -0-	\$ 4,352,510	\$ (4,425,967)	\$ 363,561	\$ -0-	\$ 454,770	\$ 5,650,679	
<b>Less: State Awards Not Subject to Single Audit Major Program Determination</b>												
<b>On-Behalf TPAF Pension System Contributions:</b>												
TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21-6/30/22	460,718								460,718	
TPAF Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22	1,944,476								1,944,476	
TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	27,434								27,434	
TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	748								748	
Subtotal - On-Behalf TPAF Pension System Contributions											2,433,376	
Total State Awards Subject to Single Audit Major Program Determination											\$ (1,992,591)	

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

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

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Morris Plains School District under programs of the federal and state governments for the fiscal year ended June 30, 2022. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments for the prior year and for the last two payments of the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, the current year payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year and the final two state aid payments for the prior year which are recognized in the current year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Grant revenue in the capital projects fund is recognized on the budgetary basis in the fiscal year of the award but is not recognized on the GAAP basis until expended and submitted for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$14,204) for the general fund and (\$6,542) for the special revenue fund of which (\$7,415) is for local grants. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, and special revenue funds.

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

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

	Federal	State	Total
General Fund		\$ 4,214,707	\$ 4,214,707
Special Revenue Fund	\$ 455,361	13,022	468,383
Debt Service Fund		177,988	177,988
Food Service Fund	251,257	6,046	257,303
	\$ 706,618	\$ 4,411,763	\$ 5,118,381

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

Morris Plains Borough School District had no loan balances outstanding at June 30, 2022.

NOTE 7. OTHER

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

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

Summary of Auditors' Results:

- The Independent Auditors’ Report expresses a qualified opinion on the financial statements as the District’s note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan (“SHBP”) has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors’ Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance Required by NJ OMB 15-08*.
- The auditor’s report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2022 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey’s OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

<u>State:</u>	<u>State</u>	<u>Award</u>	<u>Budgetary</u>	
	<u>Grant Number</u>	<u>Grant Period</u>	<u>Amount</u>	<u>Expenditures</u>
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	\$ 734,724	\$ 734,724
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	15,093	15,093
School Choice Aid	22-495-034-5120-068	7/1/21-6/30/22	212,685	212,685

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

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

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

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

(Continued)

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

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

Status of Prior Year Findings:

There were no prior year audit findings.