

**SCHOOL DISTRICT
OF
MORRIS HILLS REGIONAL**



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

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

**Annual Comprehensive
Financial Report**

of the

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

Rockaway, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

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

Business Office

MORRIS HILLS REGIONAL SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2023

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal.....	1
Organizational Chart(s).....	7
Roster of Officials.....	9
Consultants and Advisors.....	10
ASBO International Certificate of Excellence.....	11

FINANCIAL SECTION..... 12

Independent Auditors’ Report.....	13
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Required Supplementary Information.....	16
Management’s Discussion and Analysis.....	17

Basic Financial Statements (Sections A. and B.).....	26
--	----

A. District-Wide Financial Statements.....	27
A-1 Statement of Net Position.....	28
A-2 Statement of Activities.....	29

B. Fund Financial Statements.....	31
B-1 Balance Sheet – Governmental Funds.....	32
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	33
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	35
B-4 Statement of Net Position – Proprietary Funds.....	36
B-5 Statement of Revenue, Expenses and Changes in Net Position – Proprietary Funds.....	37
B-6 Statement of Cash Flows – Proprietary Funds.....	38

Notes to the Basic Financial Statements.....	39
--	----

Required Supplementary Information..... 82

L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other than Pensions.....	83
L-1 Schedule of District’s Proportionate Share of the Net Pension Liability – Public Employees’ Retirement System.....	83
L-2 Schedule of District Contributions – Public Employees’ Retirement System.....	84
L-3 Schedule of State’s Proportionate Share of the Net Pension Liability Attributable to the District – Teachers’ Pension and Annuity Fund.....	85
L-4 Schedule of State Contributions – Teachers’ Pension and Annuity Fund.....	86
L-5 Schedule of Changes in the State’s Proportionate Share of the Total OPEB Liability Attributable to the District and Related Ratios.....	87

Notes to Required Supplementary Information.....	88
--	----

MORRIS HILLS REGIONAL SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

FINANCIAL SECTION (Cont'd)

Required Supplementary Information (Cont'd)

C.	Budgetary Comparison Schedules	90
C-1	Budgetary Comparison Schedule – General Fund	91
C-2	Budgetary Comparison Schedule – Special Revenue Fund	113
C-3	Budgetary Comparison Schedule – Note to Required Supplementary Information	114
Other Supplementary Schedules (Sections D. to I.)		
D.	School Level Schedules (Not Applicable).....	116
E.	Special Revenue Fund	117
E-1	Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis	118
E-2	Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	
F.	Capital Projects Fund.....	122
F-1	Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance	123
F-1a	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Morris Hills and Morris Knolls High Schools - Energy Savings Improvement Plan (ESIP)	124
F-1b	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Morris Hills and Morris Knolls High Schools – HVAC Upgrades	125
F-1c	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Morris Hills and Morris Knolls High Schools – Fire Alarm Replacement	126
F-1d	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Morris Hills and Morris Knolls High Schools – Secure Vestibules	127
F-1e	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Morris Hills High School – Library Renovation	128
F-1f	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Morris Knolls High Schools – Masonry and Fencing	129
F-1g	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Morris Hills and Morris Knolls High Schools – Classroom Upgrades	130
F-1h	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Morris Hills High Schools – Roofing	131
F-1i	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Morris Hills and Morris Knolls High Schools – Lavatory Remodeling	132
F-1j	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Morris Hills and Morris Knolls High Schools – Bell/Clock/Sound System/Security Camera Upgrades.....	133
F-1k	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Morris Hills and Morris Knolls High Schools – Cafeteria Kitchen Upgrades	134

MORRIS HILLS REGIONAL SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

FINANCIAL SECTION (Cont'd)

Other Supplementary Schedules (Sections D. to I.) (Cont'd)

G. Proprietary Funds	
Enterprise Funds:	135
G-1 Combining Statement of Net Position	136
G-2 Combining Statement of Revenue, Expenses and Changes in Net Position	137
G-3 Combining Statement of Cash Flows.....	139
H. Fiduciary Activities (Not Applicable)	140
I. Long-Term Liabilities.....	141
I-1 Schedule of Serial Bonds	142
I-1a Schedule of Energy Savings Improvement Plan (ESIP) Bonds.....	143
I-2 Schedule of Obligations Under Financed Purchases (Not Applicable)	
I-3 Schedule of Obligations Under Leases (Not Applicable)	
I-4 Schedule of Obligations Under Subscription-Based Information Technology Arrangements (Not Applicable)	
I-5 Debt Service Fund Budgetary Comparison Schedule.....	144

STATISTICAL SECTION (Unaudited)

J. Statistical Schedules	
J-1 Net Position by Component	146
J-2 Changes in Net Position.....	147
J-3 Fund Balances - Governmental Funds	150
J-4 Changes in Fund Balances - Governmental Funds	151
J-5 General Fund Other Local Revenue by Source.....	153
J-6 Assessed Value and Estimated Actual Value of Taxable Property.....	154
J-7 Direct and Overlapping Property Tax Rates	156
J-8 Principal Property Taxpayers.....	158
J-9 Property Tax Levies and Collections	160
J-10 Ratios of Outstanding Debt by Type.....	162
J-11 Ratios of Net General Bonded Debt Outstanding.....	163
J-12 Ratios of Overlapping Governmental Activities Debt	164
J-13 Legal Debt Margin Information	165
J-14 Demographic and Economic Statistics	166
J-15 Principal Employers.....	168
J-16 Full-Time Equivalent District Employees by Function/Program	169
J-17 Operating Statistics	170
J-18 School Building Information	171
J-19 Schedule of Required Maintenance for School Facilities	172
J-20 Insurance Schedule	173

MORRIS HILLS REGIONAL SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

SINGLE AUDIT SECTION.....	175
K. Single Audit Schedules	
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	176
K-2 Independent Auditors' Report on Compliance for Each Major Federal and State Program; Report on Internal Control over Compliance Required by the Uniform Guidance and NJOMB 15-08.....	178
K-3 Schedule of Expenditures of Federal Awards.....	181
K-4 Schedule of Expenditures of State Awards.....	183
K-5 Notes to Schedules of Expenditures of Federal and State Awards	185
K-6 Schedule of Findings and Questioned Costs.....	187
K-7 Summary Schedule of Prior Audit Findings	189

**INTRODUCTORY SECTION
(UNAUDITED)**



MORRIS HILLS REGIONAL DISTRICT

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Letter of Transmittal For the Fiscal Year Ended June 30, 2023

December 28, 2023

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

As the Superintendent and the Business Administrator of the Morris Hills Regional District (the “District”), we are pleased to submit to you this Annual Comprehensive Financial Report (ACFR) issued by the District. This ACFR for the fiscal year ended June 30, 2023, was prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applicable to governmental entities.

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

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

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

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

- The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials.

MORRIS HILLS REGIONAL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2023

- The financial section includes the Independent Auditors' Report, the Management's Discussion and Analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information.
- The statistical section includes selected financial and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis.
- The District is required to undergo an annual single audit in conformity with the provisions of the Uniform Guidance, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

Profile of the Morris Hills Regional District

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

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

Enrollment

The District's enrollment reported on the Application for State School Aid (ASSA) in October 2023 was 2,783 resident students compared to 2,589 resident students the prior year. The ASSA does not reflect students enrolled in the academy programs which are programs located at Morris Hills Regional District under a collaboration agreement with the Morris County School of Technology. On October 15, 2022 Morris Knolls enrolled 154 students in the Academy for the Performing Arts (APA) and Morris Hills enrolled 180 students in the Academy for Math, Science and Engineering (MSE).

School Buildings and Capital Improvements

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

MORRIS HILLS REGIONAL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2023

Curriculum Offerings

The District has enhanced program offerings that make it unique among other high schools in the state; in fact, school choice applications have grown drastically because of the enhanced opportunities available to students. In 2022-2023, applications for the school choice program continue to exceed available seats. Some of the unique offerings include:

- AP Program: The District offers 27 Advanced Placement options for students. AP offers students the opportunity to earn college credits while in high school, a major NJDOE initiative, The District has no minimum grade requirement to enter an AP course. In 2023, 79.4% of the students taking 1734 AP exams scored 3 or higher, scores high enough to earn college credit. 34% of exams taken earned a perfect score of 5.
- International Baccalaureate: The District is one of only 14 schools in New Jersey to offer the International Baccalaureate Diploma Program, an extremely competitive, internationally-recognized program for juniors and seniors. IB courses are as rigorous, if not more than AP courses and provide students the opportunity to earn college credit while in high school, a major NJDOE initiative. Our graduating classes in the IB Diploma Program continue to outperform graduates of established IB Programs around the world, including areas in which the United States is considered weak, such as world language.
- Magnet Program for Math and Science: We are in our fourteenth year of offering a specialized program that emphasizes statistical analysis and scientific research, which includes coursework that is offered by no other high school in the state and typically seen only at the collegiate level. The Magnet Program utilizes the College Board's AP Capstone Program, combined with our specialized Magnet coursework, we offer a 3-year sequence in Research Methods and provides students with training and skills to conduct collegiate level research and advanced STEM coursework. The NJDOE has been emphasizing the incorporation of STEM into high school curriculum; the Magnet Program exemplifies the type of STEM curricula that is going on in the best schools in the country. The Magnet Program has been expanded to Morris Knolls High School to keep up with demand.
- AVID Program: The District is in our twelfth year of implementing the AVID Program (Advancement Via Individual Determination), a national and international program that helps students in the academic middle take more rigorous coursework and provides access to college for historically underrepresented groups. Teachers are trained in research-based instructional strategies to work with this population, and students are provided access to upper level coursework traditionally reserved for the academic elite.
- Gifted and Talented Program: Unlike many high schools in the state, that only offer "gifted" programs through honors and AP coursework, the District also address the other areas of giftedness that are recognized by the National Association for Gifted Children through seminars, pull out programs and a vast independent study program.
- Aviation and Aerospace Program: In the 2017-18 school year, the District partnered with the Aircraft Owners and Pilots Association (AOPA) and offered in 2022-2023 two career pathways (Pilot and Unmanned Aircraft Systems) in the aviation/aerospace industry. The program will afford students the opportunity to earn industry credentials while still in high school.

MORRIS HILLS REGIONAL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2023

Curriculum Offerings

- **School Choice Program**: The District continued two school choice programs that began in 2011-2012. The first, an intradistrict school choice program allowed resident students to apply to either high school regardless of their address. Approximately 56 new students participated in 2022-23. Also in 2011-2012, Morris Hills Regional District was approved by the New Jersey Department of Education as a Choice School District. There were 128 students enrolled in the District in the 2022-23 school year. Funding is received directly from the State of New Jersey for these students.
- **General Education Program**: Our general education program provides all students with access to a truly comprehensive curriculum, including technology education, computer science, world languages, the academic core, and visual and performing arts. Both high schools are consistently ranked in the top 100 high schools in the state.

Economic Condition and Financial Outlook

The District relies on local property taxes and state aid to support its budget. In the 2022-2023 school year, the District saw a slight increase in state aid but the predominant source to support its budget is local property taxes.

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

Internal Controls

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

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

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

MORRIS HILLS REGIONAL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2023

Accounting System and Budgetary Controls

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either liquidated or are included as appropriations of fund balance in the subsequent fiscal year. Those amounts to be appropriated are reported as fund balance restrictions, commitments, and assignments on June 30, 2023.

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

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

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

Major Initiatives For The Future

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

MORRIS HILLS REGIONAL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2023

Awards

The Association of School Business Officials International (“ASBO”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Morris Hills Regional District for its Annual Comprehensive Financial Report (“ACFR”) for the fiscal years ended June 30, 2012, through June 30, 2022. This program contributes to the enhancement of credibility of financial management, the adoption of accounting principles generally accepted in the United States of America, and sound budgetary and reporting purposes. In order to be awarded the Certificate of Excellence, the District must prepare the ACFR in a fashion that strictly conforms to generally accepted accounting principles and program requirements. The Certificate of Excellence is valid for a period of one year, and the District feels confident that it will continue to meet the program requirements and will apply for the award for the fiscal year ended June 30, 2023.

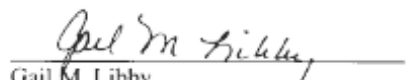
Acknowledgements

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

Respectfully submitted,

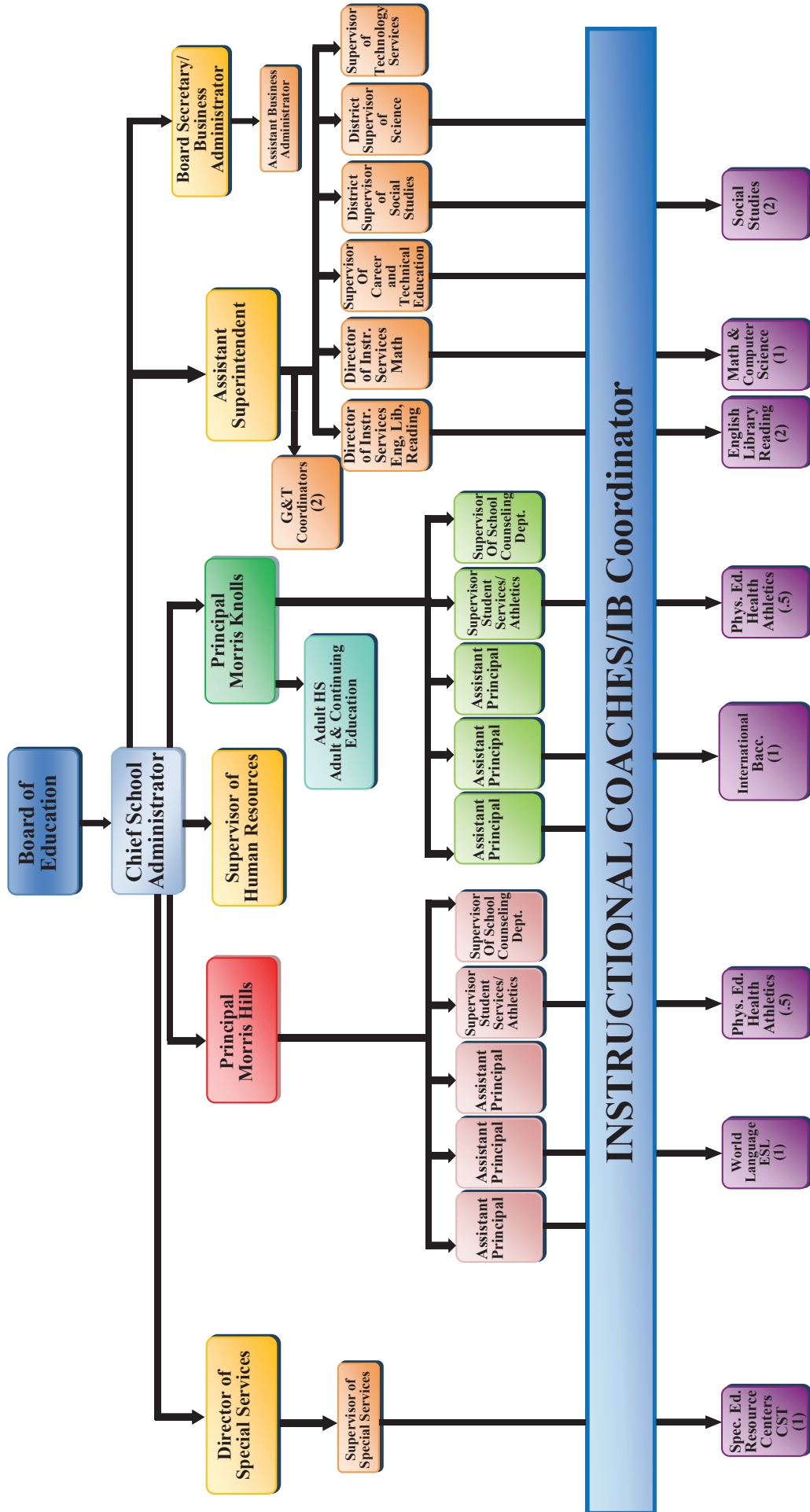


Nicholas J. Norcia
Superintendent

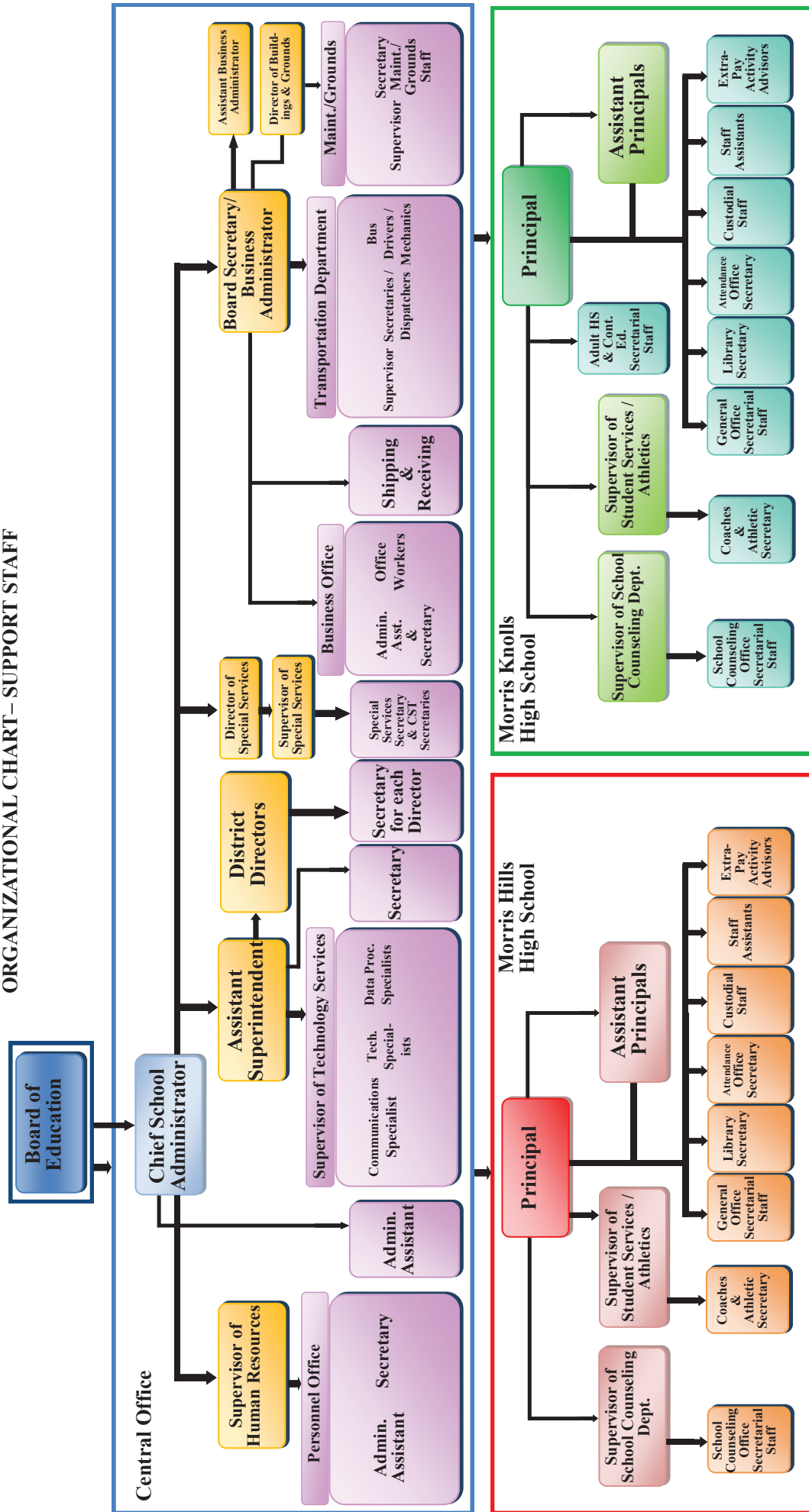


Gail M. Libby
Board Secretary/Business Administrator

MORRIS HILLS REGIONAL DISTRICT
ORGANIZATIONAL CHART – CERTIFIED STAFF



MORRIS HILLS REGIONAL DISTRICT
ORGANIZATIONAL CHART—SUPPORT STAFF



MORRIS HILLS REGIONAL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2023

Members of the Board of Education

Term Expires

Michael Bertram, President	2025
William Serafin, Vice President	2025
Robert Crocetti	2027
Barbara Levy	2026
Theresa Yeager	2025
Christie D'Asti	2026
Steven Kovacs	2024
Patrick Napolitano	2027
Michael Wiczerzak	2026

Other Officials

Title

Dr. Nisha Zoeller	Acting Superintendent
Joann Gilman Auricchio	Board Secretary/School Business Administrator
Daniel Haug	Supervisor of Human Resources

**MORRIS HILLS REGIONAL
DISTRICT**

CONSULTANTS AND ADVISORS

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ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Morris Hills Regional District

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

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



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

John W. Hutchison
President

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

Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Morris Hills Regional School District (the “District”) in the County of Morris as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, are required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
December 28, 2023

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell

Licensed Public School Accountant #884

Certified Public Accountant

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

**MORRIS HILLS REGIONAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

This section of Morris Hills Regional School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the District’s basic financial statements, which immediately follow this section.

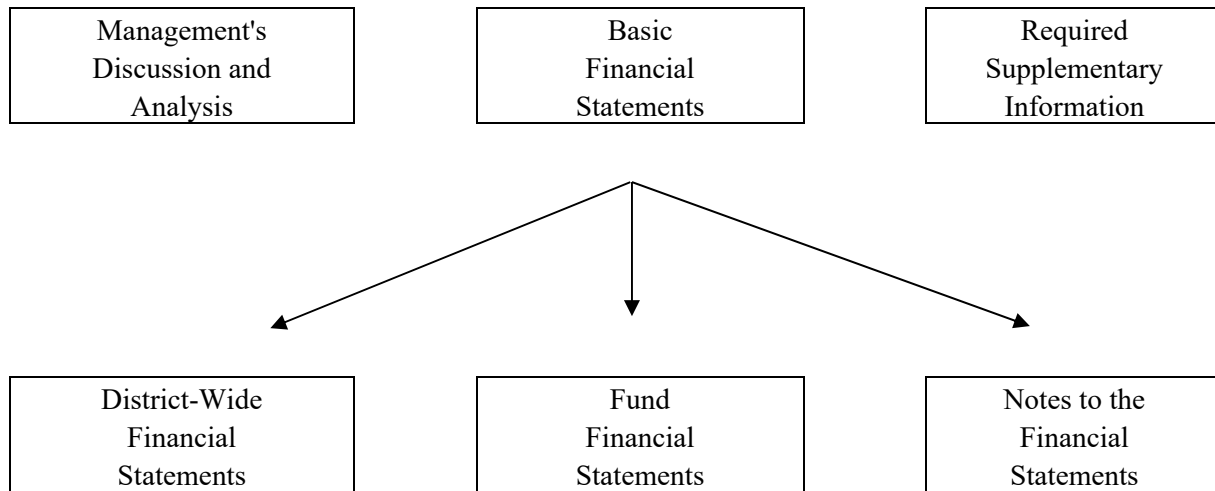
Overview of the Financial Statements

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

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

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

**Figure A-1
Organization of Morris Hills Regional School District’s Financial Report**



**MORRIS HILLS REGIONAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 of the District that operate similar to private businesses for food services, academy for technology and shared services (for special education and custodial services)
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used and liabilities that come due during the fiscal year or soon thereafter; capital assets, lease assets, subscription assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenue and expenses during the fiscal year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after year-end; expenditures when goods or services have been received and the related liability is due & payable	All revenue and expenses during the fiscal year, regardless of when cash is received or paid

**MORRIS HILLS REGIONAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

**MORRIS HILLS REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Fund Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The Statement of Net Position provides one perspective of the District as a whole. Figure A-3 provides a summary of the District's net position as of June 30, 2023 and 2022. The District's *combined* net position was \$24,420,884 on June 30, 2023, \$5,374,795 or 28.22% more than it was the fiscal year before. The net position of the governmental activities increased by \$5,262,632 and the net position of the business-type activities increased by \$112,163.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2022/23
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	
Current and Other Assets	\$11,215,496	\$13,274,037	\$ 547,399	\$ 511,188	\$11,762,895	\$13,785,225	
Capital Assets, Net	56,929,277	55,311,440	804,904	764,487	57,734,181	56,075,927	
Total Assets	68,144,773	68,585,477	1,352,303	1,275,675	69,497,076	69,861,152	-0.52%
Deferred Outflows of Resources	5,022,987	5,177,803			5,022,987	5,177,803	-2.99%
Other Liabilities	2,407,559	3,043,328	71,970	107,505	2,479,529	3,150,833	
Long-Term Liabilities	44,866,130	44,916,003			44,866,130	44,916,003	
Total Liabilities	47,273,689	47,959,331	71,970	107,505	47,345,659	48,066,836	-1.50%
Deferred Inflows of Resources	2,753,520	7,926,030			2,753,520	7,926,030	-65.26%
Net Position:							
Net Investment in Capital Assets	33,864,986	29,611,536	804,904	764,487	34,669,890	30,376,023	
Restricted	5,654,663	7,319,978			5,654,663	7,319,978	
Unrestricted (Deficit)	(16,379,098)	(19,053,595)	475,429	403,683	(15,903,669)	(18,649,912)	
Total Net Position	\$23,140,551	\$17,877,919	\$ 1,280,333	\$ 1,168,170	\$24,420,884	\$19,046,089	28.22%

Figure A-4 represents the *Changes in Net Position*. Net investment in capital assets increased \$4,293,867 due to \$5,172,407 in capital assets additions, \$285,733 of bond issuance premiums amortized and the retirement of \$2,215,000 of bonds payable and \$470,000 of ESIP bonds payable, offset by \$3,514,153 of depreciation expense and amortized deferred amount on refunding of \$335,120. Restricted net position decreased \$1,665,315 primarily due to net decreases in the capital reserve of \$1,605,409, the maintenance reserve of \$54,990 and debt service fund balance of \$42,780, offset by a net increase in student activities of \$37,866. Unrestricted net position increased (deficit decreased) \$2,746,243 primarily due to changes in deferred inflows and outflows related to pensions and net decreases in accrued interest and compensated absences, offset by an increase in the net pension liability.

**MORRIS HILLS REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Financial Analysis of the District as a Whole

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	Change 2022/23
Revenue:							
Program Revenue:							
Charges for Services	\$ 436,327	\$ 304,759	\$ 5,050,053	\$ 4,076,883	\$ 5,486,380	\$ 4,381,642	
Grants and Contributions:							
Operating	17,431,542	20,412,519	740,665	1,951,925	18,172,207	22,364,444	
General Revenue:							
Property Taxes	66,257,079	65,150,930			66,257,079	65,150,930	
Unrestricted Federal and State Aid	5,871,956	5,648,430			5,871,956	5,648,430	
Other	658,081	528,907			658,081	528,907	
Total Revenue	<u>90,654,985</u>	<u>92,045,545</u>	<u>5,790,718</u>	<u>6,028,808</u>	<u>96,445,703</u>	<u>98,074,353</u>	-1.66%
Expenses:							
Instruction	42,279,029	43,036,393			42,279,029	43,036,393	
Pupil and Instruction Services	19,618,557	19,534,922			19,618,557	19,534,922	
Administration and Business	6,963,820	7,487,970			6,963,820	7,487,970	
Maintenance and Operations	6,311,555	6,777,563			6,311,555	6,777,563	
Transportation	7,013,809	5,919,918			7,013,809	5,919,918	
Other	3,205,583	3,327,411	5,678,555	5,829,382	8,884,138	9,156,793	
Total Expenses	<u>85,392,353</u>	<u>86,084,177</u>	<u>5,678,555</u>	<u>5,829,382</u>	<u>91,070,908</u>	<u>91,913,559</u>	-0.92%
Increase in Net Position	<u>\$ 5,262,632</u>	<u>\$ 5,961,368</u>	<u>\$ 112,163</u>	<u>\$ 199,426</u>	<u>\$ 5,374,795</u>	<u>\$ 6,160,794</u>	

Governmental Activities

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

Figure A-5 presents the *Total and Net Cost of Services - Governmental Activities* by the District's six major functions/programs (instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other). The Net Cost of Services is the Total Cost of Services offset by charges for services and federal and state operating grants and contributions provided for each major function/program and represents the financial burden placed on the District's taxpayers for each major function/program.

**MORRIS HILLS REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Governmental Activities

**Figure A-5
Total and Net Cost of Services - Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2022/2023	2021/2022	2022/2023	2021/2022
Instruction	\$ 42,279,029	\$ 43,036,393	\$ 29,554,112	\$ 27,811,370
Pupil and Instruction Services	19,618,557	19,534,922	15,706,906	15,513,826
Administration and Business	6,963,820	7,487,970	6,392,505	6,694,136
Maintenance and Operations	6,311,555	6,777,563	6,306,383	6,777,563
Transportation	7,013,809	5,919,918	6,433,780	5,345,032
Other	3,205,583	3,327,411	3,130,798	3,224,972
	<u>\$ 85,392,353</u>	<u>\$ 86,084,177</u>	<u>\$ 67,524,484</u>	<u>\$ 65,366,899</u>

Business-Type Activities

The net position of the District's Business-Type Activities increased \$112,163 during the fiscal year. (Refer to Figure A-4).

This increase is comprised of a \$131,735 increase in the net position of the District's Food Service Fund and a \$19,572 decrease in the net position of the District's Academy for Technology Fund.

The increase in the net position of the District's Food Service Fund is attributed to the increase in operating revenue from sales offset by reductions in non-operating revenue from federal and state subsidies as well as the acquisition and depreciation of its capital assets. The decrease of \$19,572 decrease in the net position of the District's Academy for Technology Fund is due to the annual depreciation of its capital assets.

Financial Analysis of the District's Funds

The financial position of the District's funds decreased \$1,448,354 on the GAAP basis during the fiscal year.

The fund balance of General Fund decreased \$2,260,417 due to withdrawals from the Capital and Maintenance Reserves for capital projects and maintenance expenditures, respectively, during the fiscal year, offset by excess Extraordinary Aid and Nonpublic Transportation Aid, unexpended budget appropriations and the transfer of unexpended balances from the Capital Projects Fund.

The fund balance of the Special Revenue Fund increased \$32,288 due to an increase in the Student Activities balance and a decrease in the Scholarship balance during the fiscal year.

The fund balance of the Capital Projects Fund increased \$822,555 due to transfers from the General Fund Capital Reserve offset by expenditures for current year projects and the transfer of unexpended project balances to the General Fund Capital Reserve.

**MORRIS HILLS REGIONAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Financial Analysis of the District’s Funds

The fund balance of the Debt Service Fund decreased \$42,780 due to the appropriation of fund balance in the current year budget offset by miscellaneous revenue.

The State imposes spending and tax levy limits on the District in its budget process. The financial condition has been directly affected in recent years by legislation titled “S1701” which reduced the amount of allowable General Fund unassigned fund balance to 2% of adjusted expenditures. This amount was increased to 4% for the 2021 and 2022 fiscal years.

At June 30, 2023 the District’s 2% limit is \$1,559,979 plus allowable adjustments for Extraordinary Aid and additional Nonpublic Transportation Aid of \$1,073,859, for a total of \$2,633,838 as allowable General Fund unassigned fund balance.

The District made deposits to the capital and maintenance reserves during the fiscal year and appropriated \$533,000 of fund balance as revenue in its 2023-2024 budget; therefore, the District has \$1,388,666 (or 1.78%) is unassigned at June 30, 2023 on the budgetary basis and \$509,196 on the GAAP basis due to the \$879,470 June state aid payments which are not recognized until the fiscal year ended June 30, 2024.

General Fund Budgetary Highlights

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance to Actual
Expenditures:					
Total Regular Programs - Instruction	\$ 22,708,674	\$ 141,260	\$ 22,849,934	\$ 22,569,941	\$ 279,993
Total Special Education Instruction	3,555,113	162,538	3,717,651	3,665,583	52,068
Total Undistributed Expenditures - Instruction	5,753,683	(360,521)	5,393,162	5,224,934	168,228
Total Central Services	1,197,913	132,852	1,330,765	1,312,772	17,993
Total Required Maintenance for School Facilities	926,976	(112,000)	814,976	715,789	99,187
Total Custodial Services	4,106,939	151,608	4,258,547	3,785,737	472,810
Total Security	594,214	(164,912)	429,302	397,922	31,380
Total Student Transportation Service:	5,431,362	348,256	5,779,618	5,610,055	169,563
Total Allocated Benefits	12,385,999	(159,291)	12,226,708	11,927,195	299,513
Total On-Behalf TPAF Contributions				16,266,530	(16,266,530)
Total Expenditures	\$ 73,531,852	\$ 46,212	\$ 73,578,064	\$ 87,301,764	\$ (13,773,179)

**MORRIS HILLS REGIONAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

General Fund Budgetary Highlights

Overall, the District’s General Fund budget increased \$1,315,000 due to Board-approved withdrawals from the capital reserve account during the fiscal year. Transfers were made from undistributed expenditures – instruction, required maintenance for school facilities, security, and allocated benefits to regular instruction, special education instruction, central services, custodial services, student extraordinary services, custodial services, and student transportation services. Also, the District is required to report revenue and offsetting expenditures for TPAF benefits paid by NJDOE on behalf of the District. These amounts are not budgeted and are required to be presented as excess revenue and expenditures without appropriations. The District transferred \$5,815,000 (\$4,500,000 budgeted and \$1,315,000 added by Board resolution) from the capital reserve account to the Capital Projects Fund for HVAC upgrades, masonry and fencing, classroom upgrades, roofing, lavatory remodeling, and cafeteria kitchen improvements and transferred \$554,391 from the Capital Projects Fund for unexpended balances of completed projects.

Capital Asset and Long-term Liabilities Administration

The District’s capital assets (net of depreciation) increased \$1,658,254, or 2.96%, during the fiscal year. (More detailed information about the District’s capital assets is presented in Note 6 to the Basic Financial Statements).

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2022/23
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	
Sites (Land)	\$ 288,500	\$ 288,500			\$ 288,500	\$ 288,500	
Construction in Progress	6,577,870	12,061,293			6,577,870	12,061,293	
Buildings and Building Improvements	42,335,995	34,773,748			42,335,995	34,773,748	
Land Improvements	4,778,512	4,939,365			4,778,512	4,939,365	
Machinery & Equipment	2,948,400	3,248,534	\$ 804,904	\$ 764,487	3,753,304	4,013,021	
Total Capital Assets, Net of Depreciation	\$ 56,929,277	\$ 55,311,440	\$ 804,904	\$ 764,487	\$ 57,734,181	\$ 56,075,927	2.96%

The District invested \$5,172,407 in capital assets - \$5,087,423 from governmental activities (which includes \$4,438,054 from capital projects and \$649,369 from capital outlay for equipment purchases) and \$84,984 from business-type activities. The District incurred \$3,469,586 and \$44,567 of depreciation related to governmental and business-type capital assets, respectively.

Long-term Liabilities

The District’s long-term liabilities decreased by \$49,873, or .11%, during the fiscal year. At fiscal year-end, the District had \$23,410,000 in bonds outstanding (\$16,335,000 refunding bonds and \$7,075,000 ESIP bonds), \$4,330,384 in compensated absences payable, \$2,000,131 in unamortized bond issuance premiums and \$15,125,615 in net pension liability as shown in Figure A-7. (More detailed information about the District’s long-term liabilities is presented in Note 8 to the Basic Financial Statements).

**MORRIS HILLS REGIONAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Figure A-7
Outstanding Long-Term Liabilities**

	Total School District		Percentage
	2022/23	2021/22	Change 2022/23
General Obligation Bonds (Financed with Property Taxes), Net	\$ 23,410,000	\$ 26,095,000	
Net Pension Liability	15,125,615	12,066,086	
Other Long-Term Liabilities	6,330,515	6,754,917	
	<u>\$ 44,866,130</u>	<u>\$ 44,916,003</u>	-0.11%

During the fiscal year, \$2,215,000 of the District’s general obligation bonds and \$470,000 of its ESIP bonds matured, \$258,733 of bond issuance premiums were amortized, the net pension liability increased \$3,059,529 and compensated absences decreased \$138,669.

Factors Bearing on the District’s Future

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

- Taking advantage of the Chapter 44 legislation, many District staff continue to select health benefits coverage through the Educator’s Health Benefit Plan. This has significantly reduced the employees’ contribution towards health benefits, thereby increasing the District’s cost.
- The District is committed to remaining within the 2% cap increase allowed on school levy and any allowable adjustments for enrollment or health care costs. State Aid is stable, and the District will continue to monitor costs by implementing best practices which result in efficient operations including sharing services with our elementary districts and municipalities in the areas of services and purchasing.
- The District has an agreement with the Morris County School of Technology to host two academy programs in exchange for tuition. These students are not counted on the District’s ASSA for state aid and instead are funded by tuition proceeds. These programs are operated in the financial records as a proprietary fund.
- The District completed the activities under the Energy Savings Improvement Plan approved in 2019. The activities included HVAC upgrades.
- In an effort to avoid raising taxes for capital improvements, the District has been funding a capital reserve account each year with unexpended appropriations and unanticipated revenue. Those funds are used in subsequent budgets for various capital projects.

Contacting the District’s Financial Management

This financial report is designed to provide the District’s citizens, taxpayers, customers and investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 48 Knoll Drive, Rockaway, New Jersey 07866-4088.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,811,807	\$ 510,291	\$ 4,322,098
Internal Balances	603	(603)	
Receivables from Federal Government	205,714	24,123	229,837
Receivables from State Government	1,573,859	1,178	1,575,037
Receivables from Other Governments	103,189	677	103,866
Inventories		11,733	11,733
Restricted Assets - Cash and Cash Equivalents	5,520,324		5,520,324
Capital Assets, Net:			
Sites (Land) and Construction in Progress	6,866,370		6,866,370
Depreciable Buildings and Building Improvements, Land Improvements, and Machinery & Equipment	50,062,907	804,904	50,867,811
Total Assets	<u>68,144,773</u>	<u>1,352,303</u>	<u>69,497,076</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Debt Refunding	2,345,840		2,345,840
Deferred Outflows of Resources Related to Pensions	2,677,147		2,677,147
Total Deferred Outflows of Resources	<u>5,022,987</u>		<u>5,022,987</u>
LIABILITIES			
Current Liabilities:			
Payable to Federal Government	10		10
Payable to State Government	50,005		50,005
Accounts Payable	2,122,050	23,708	2,145,758
Accrued Interest Payable	195,272		195,272
Unearned Revenue	40,222	48,262	88,484
Noncurrent Liabilities:			
Due Within One Year	3,015,664		3,015,664
Due Beyond One Year	41,850,466		41,850,466
Total Liabilities	<u>47,273,689</u>	<u>71,970</u>	<u>47,345,659</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to Pensions	2,753,520		2,753,520
Total Deferred Inflows of Resources	<u>2,753,520</u>		<u>2,753,520</u>
NET POSITION			
Net Investment in Capital Assets	33,864,986	804,904	34,669,890
Restricted for:			
Capital Projects	4,237,119		4,237,119
Debt Service	134,339		134,339
Maintenance	200,030		200,030
Unemployment Compensation	402,032		402,032
Scholarships	356,997		356,997
Student Activities	324,146		324,146
Unrestricted (Deficit)	(16,379,098)	475,429	(15,903,669)
Total Net Position	<u>\$ 23,140,551</u>	<u>\$ 1,280,333</u>	<u>\$ 24,420,884</u>

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 31,545,645	\$	5,904,516	\$ (25,641,129)		\$ (25,641,129)
Special Education	6,572,245		6,045,832	(526,413)		(526,413)
Other Special Instruction	456,013		103,464	(352,549)		(352,549)
School-Sponsored Other Instruction	3,705,126		671,105	(3,034,021)		(3,034,021)
Support Services:						
Tuition	5,224,934			(5,224,934)		(5,224,934)
Student & Instruction Related Services	14,393,623	\$	3,475,324	(10,481,972)		(10,481,972)
General Administration Services	1,691,489			(1,691,489)		(1,691,489)
School Administration Services	3,087,288		571,315	(2,515,973)		(2,515,973)
Central Services	1,653,533			(1,653,533)		(1,653,533)
Administrative Information Technology	531,510			(531,510)		(531,510)
Plant Operations and Maintenance	6,311,555		5,172	(6,306,383)		(6,306,383)
Pupil Transportation	7,013,809		580,029	(6,433,780)		(6,433,780)
Special Schools	369,727		74,785	(294,942)		(294,942)
Interest on Long-Term Debt	268,305			(268,305)		(268,305)
Unallocated Depreciation*	2,567,551			(2,567,551)		(2,567,551)
Total Governmental Activities	85,392,353	436,327	17,431,542	(67,524,484)		(67,524,484)

* - Excludes direct depreciation expenses of the various programs.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 1,748,397	\$ 1,139,467	\$ 740,665	\$	\$ 131,735	\$ 131,735
Academy for Technology	2,800,153	2,780,581			(19,572)	(19,572)
Shared Services	1,130,005	1,130,005				
Total Business-Type Activities	5,678,555	5,050,053	740,665		112,163	112,163
Total Primary Government	\$ 91,070,908	\$ 5,486,380	\$ 18,172,207	\$ (67,524,484)	112,163	(67,412,321)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				63,974,437		63,974,437
Taxes Levied for Debt Service				2,282,642		2,282,642
Federal and State Aid Not Restricted				5,871,956		5,871,956
Tuition Charges				215,451		215,451
Investment Earnings				175,127		175,127
Miscellaneous Income				267,503		267,503
Total General Revenues				72,787,116	- 0 -	72,787,116
Change in Net Position				5,262,632	112,163	5,374,795
Net Position - Beginning				17,877,919	1,168,170	19,046,089
Net Position - Ending				\$ 23,140,551	\$ 1,280,333	\$ 24,420,884

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

FUND FINANCIAL STATEMENTS

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 61,946	\$ 1,864	\$ 3,613,658	\$ 134,339	\$ 3,811,807
Interfund Receivable	73,395				73,395
Receivables from Federal Government		205,714			205,714
Receivables from State Government	1,573,859				1,573,859
Receivables from Other Governments	103,189				103,189
Restricted Cash and Cash Equivalents	4,839,181	681,143			5,520,324
Total Assets	\$ 6,651,570	\$ 888,721	\$ 3,613,658	\$ 134,339	\$ 11,288,288
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable		\$ 72,792			\$ 72,792
Payable to Federal Government		10			10
Payable to State Government		50,005			50,005
Accounts Payable	\$ 734,211	80,531	\$ 41,641		856,383
Unearned Revenue	35,982	4,240			40,222
Total Liabilities	770,193	207,578	41,641		1,019,412
Fund Balances:					
Restricted:					
Capital Reserve Account	4,237,119				4,237,119
Maintenance Reserve Account	200,030				200,030
Debt Service Fund				\$ 134,339	134,339
Unemployment Compensation	402,032				402,032
Scholarships		356,997			356,997
Student Activities		324,146			324,146
Committed			3,572,017		3,572,017
Assigned:					
For Subsequent Year's Expenditures	533,000				533,000
Unassigned	509,196				509,196
Total Fund Balances	5,881,377	681,143	3,572,017	134,339	10,268,876
Total Liabilities and Fund Balances	\$ 6,651,570	\$ 888,721	\$ 3,613,658	\$ 134,339	\$ 11,288,288

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

Total Fund Balances (Per Above)	\$ 10,268,876
Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds.	56,929,277
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows of Resources Related to Pensions	2,677,147
District Contributions Subsequent to the Measurement Date are not paid with current economic resources and are therefore reported as a liability in the funds, but are included in the accounts Payable in the Statement of Net Position.	(1,265,667)
Deferred Inflows of Resources Related to Pensions	(2,753,520)
Long-Term Liabilities, including Bonds and the Net PERS Pension Liability Payable, are not due and payable in the current period and therefore are not reported as Liabilities in the Funds.	(44,866,130)
The Deferred Amount on Refunding is not reported as an expenditure in the Governmental Funds in the year of the expenditure.	2,345,840
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(195,272)
Net Position of Governmental Activities (Exhibit A-1)	\$ 23,140,551

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 63,974,437			\$ 2,282,642	\$ 66,257,079
Tuition Charges	215,451				215,451
Restricted Miscellaneous Revenue		\$ 436,327			436,327
Unrestricted Miscellaneous Revenue	315,410	1,647	\$ 127,220		444,277
Total - Local Sources	64,505,298	437,974	127,220	2,282,642	67,353,134
State Sources	26,931,091	455,146			27,386,237
Federal Sources	14,263	2,226,509			2,240,772
Total Revenues	91,450,652	3,119,629	127,220	2,282,642	96,980,143

EXPENDITURES

Current:

Regular Instruction	22,569,941	324,855			22,894,796
Special Education Instruction	3,665,583	813,201			4,478,784
Other Special Instruction	372,897				372,897
School-Sponsored Other Instruction	3,165,939				3,165,939
Support Services and Undistributed Costs:					
Tuition	5,224,934				5,224,934
Student & Instruction Related Services	8,287,207	1,949,285			10,236,492
General Administration Services	1,194,333				1,194,333
School Administration Services	2,098,507				2,098,507
Central Services	1,312,772				1,312,772
Administrative Information Technology	442,118				442,118
Plant Operations and Maintenance	5,163,753				5,163,753
Pupil Transportation	5,610,055				5,610,055

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES					
Current:					
Allocated Benefits	\$ 11,927,195				\$ 11,927,195
Unallocated Benefits	16,266,530				16,266,530
Capital Outlay	839,046		\$ 4,438,054		5,277,100
Special Schools	309,650				309,650
Debt Service:					
Principal				\$ 2,215,000	2,215,000
Interest and Other Charges				237,642	237,642
Total Expenditures	<u>88,450,460</u>	<u>\$ 3,087,341</u>	<u>4,438,054</u>	<u>2,452,642</u>	<u>98,428,497</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>3,000,192</u>	<u>32,288</u>	<u>(4,310,834)</u>	<u>(170,000)</u>	<u>(1,448,354)</u>
OTHER FINANCING SOURCES/(USES)					
Transfers In	554,391		5,815,000	127,220	6,496,611
Transfers Out	<u>(5,815,000)</u>		<u>(681,611)</u>		<u>(6,496,611)</u>
Total Other Financing Sources/(Uses)	<u>(5,260,609)</u>	<u>- 0 -</u>	<u>5,133,389</u>	<u>127,220</u>	<u>- 0 -</u>
Net Change in Fund Balances	<u>(2,260,417)</u>	<u>32,288</u>	<u>822,555</u>	<u>(42,780)</u>	<u>(1,448,354)</u>
Fund Balance—July 1	8,141,794	648,855	2,749,462	177,119	11,717,230
Fund Balance—June 30	<u>\$ 5,881,377</u>	<u>\$ 681,143</u>	<u>\$ 3,572,017</u>	<u>\$ 134,339</u>	<u>\$ 10,268,876</u>

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$ (1,448,354)
Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays.	
Depreciation Expense	\$ (3,469,586)
Capital Outlays	<u>5,087,423</u>
	1,617,837
Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	2,685,000
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).	27,340
The governmental funds report the effect of bond issuance premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (+)	285,733
The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas this amount is deferred and amortized in the statement of activities (-)	(335,120)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:	
Change in Net Pension Liability	(3,059,529)
Change in Deferred Outflows of Resources Related to Pensions	178,546
Change in Deferred Inflows of Resources Related to Pensions	5,172,510
In the statement of activities, certain operating expenditures, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).	<u>138,669</u>
Change in Net Position of Governmental Activities (Exhibit A-2)	<u><u>\$ 5,262,632</u></u>

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Major Funds			
	Food Service	Academy for Technology	Shared Services	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 503,672	\$ 6,619		\$ 510,291
Receivable from:				
Federal Government	24,123			24,123
State Government	1,178			1,178
Other Governments			\$ 677	677
Inventories	11,733			11,733
Total Current Assets	540,706	6,619	677	548,002
Non-Current Assets:				
Capital Assets	870,579	1,002,113		1,872,692
Less: Accumulated Depreciation	(398,404)	(669,384)		(1,067,788)
Total Non-Current Assets	472,175	332,729		804,904
Total Assets	1,012,881	339,348	677	1,352,906
LIABILITIES:				
Current Liabilities:				
Interfund Payable - General Fund			603	603
Accounts Payable	23,634		74	23,708
Unearned Revenue:				
Prepaid Sales	23,936			23,936
Supply Chain Assistance	24,326			24,326
Total Current Liabilities	71,896		677	72,573
Total Liabilities	71,896		677	72,573
NET POSITION:				
Investment in Capital Assets	472,175	332,729		804,904
Unrestricted	468,810	6,619		475,429
Total Net Position	\$ 940,985	\$ 339,348	\$ - 0 -	\$ 1,280,333

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds			
	Major Funds			Total Enterprise Funds
	Food Service	Academy for Technology	Shared Services	
Operating Revenue:				
Charges for Services:				
Daily Sales:				
Reimbursable Programs	\$ 44,232			\$ 44,232
Non-Reimbursable Programs	1,076,591			1,076,591
Total Daily Sales	1,120,823			1,120,823
Special Events	18,644			18,644
Tuition		\$ 2,780,581		2,780,581
Service Fees			\$ 1,130,005	1,130,005
Total Operating Revenue	1,139,467	2,780,581	1,130,005	5,050,053
Operating Expenses:				
Cost of Sales:				
Reimbursable Programs	446,167			446,167
Non-Reimbursable Programs	344,496			344,496
Total Cost of Sales	790,663			790,663
Salaries	555,162	2,300,994	711,879	3,568,035
Payroll Taxes	77,415	45,195	16,227	138,837
Employee Benefits	34,526	425,331	278,607	738,464
Purchased Professional/Educational Services		9,061	93,600	102,661
Other Purchased Services	44,942		797	45,739
Purchased Property Services	150,284			150,284
Supplies and Materials	70,410		28,895	99,305
Depreciation Expense	24,995	19,572		44,567
Total Operating Expenses	1,748,397	2,800,153	1,130,005	5,678,555
Operating Income/(Loss)	(608,930)	(19,572)	- 0 -	(628,502)
Non-Operating Revenue:				
Federal Sources:				
School Breakfast Program	65,740			65,740
National School Lunch Program	397,042			397,042
Food Distribution Program	82,611			82,611
COVID-19 - Supply Chain Assistance Award	121,287			121,287
Local Food for Schools (LFS) Cooperative	789			789
Reimbursement from FMSC for Payroll Protection Plan	49,032			49,032
State Sources:				
School Breakfast Program	2,495			2,495
School Lunch Program	21,669			21,669
Total Non-Operating Revenue	740,665			740,665
Change in Net Position	131,735	(19,572)	- 0 -	112,163
Net Position - Beginning of Year	809,250	358,920	- 0 -	1,168,170
Net Position - End of Year	\$ 940,985	\$ 339,348	\$ - 0 -	\$ 1,280,333

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds				
	Major Funds				Total Enterprise Funds
	Food Service	Academy for Technology	Shared Services	Totals	
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 1,131,708	\$ 2,780,581	\$ 1,130,410	\$ 5,042,699	\$ 5,042,699
Payments to Employees	(50,000)	(2,346,189)	(728,106)	(3,124,295)	(3,124,295)
Payments to Food Service Vendor	(1,595,718)			(1,595,718)	(1,595,718)
Payments to Suppliers	(39,322)	(434,392)	(402,304)	(876,018)	(876,018)
Net Cash Provided by/(Used for) Operating Activities	(553,332)	- 0 -	- 0 -	(553,332)	(553,332)
Cash Flows from Noncapital and Related Financing Activities:					
Federal Subsidy Reimbursements	528,454			528,454	528,454
COVID-19 - Supply Chain Assistance Award	145,613			145,613	145,613
Food Service Management Company Payroll Protection Plan	49,032			49,032	49,032
State Subsidy Reimbursements	24,532			24,532	24,532
Net Cash Provided by Noncapital and Related Financing Activities	747,631			747,631	747,631
Cash Flows from Capital and Related Financing Activities:					
Purchase of Capital Assets	(84,984)			(84,984)	(84,984)
Net Cash Used for Capital and Related Financing Activities	(84,984)			(84,984)	(84,984)
Net Increase/(Decrease) in Cash and Cash Equivalents	109,315	- 0 -	- 0 -	109,315	109,315
Cash and Cash Equivalents, July 1	394,357	6,619	- 0 -	400,976	400,976
Cash and Cash Equivalents, June 30	\$ 503,672	\$ 6,619	\$ - 0 -	\$ 510,291	\$ 510,291
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:					
Operating Income/(Loss)	\$ (608,930)	\$ (19,572)	\$ - 0 -	\$ (628,502)	\$ (628,502)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:					
Depreciation	24,995	19,572		44,567	44,567
Federal Food Distribution Program	82,611			82,611	82,611
Changes in Assets and Liabilities:					
Decrease in Receivables:					
Other	8,076		405	8,481	8,481
(Increase) in Inventory	(149)			(149)	(149)
Increase/(Decrease) in Accounts Payable	(44,100)		74	(44,026)	(44,026)
(Decrease) in Interfund Payable			(479)	(479)	(479)
(Decrease) in Unearned Revenue - Prepaid Sales	(15,835)			(15,835)	(15,835)
Net Cash Provided by/(Used for) Operating Activities	\$ (553,332)	\$ - 0 -	\$ - 0 -	\$ (553,332)	\$ (553,332)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$82,611 for the fiscal year ended June 30, 2023.

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences, and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following governmental funds: (Cont'd)

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

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

The District reports the following proprietary funds:

Enterprise (Food Service, Academy for Technology, and Shared Services) Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria, academy for technology and shared services (special education and custodial) operations. The food service, academy for technology and shared services (special education and custodial) funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students or other school districts on a continuing basis are financed or recovered primarily through user charges.

C. Measurement Focus and Basis of Accounting

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

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, lease asset or subscription 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 HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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, 2023 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the fiscal year).

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, except for the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 91,475,386	\$ 2,226,046
Difference - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue whereas the GAAP Basis Does Not:		
Prior Year Encumbrances		893,583
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	854,736	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(879,470)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 91,450,652</u>	<u>\$ 3,119,629</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 88,450,460	\$ 2,193,758
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for GAAP Reporting Purposes:		
Prior Year Encumbrances		<u>893,583</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 88,450,460</u>	<u>\$ 3,087,341</u>

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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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, 2023.

K. Capital Assets:

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

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

K. Capital Assets: (Cont'd)

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

L. Lease Assets:

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

M. Subscription Assets:

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets are determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

N. Long Term Liabilities:

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

O. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages for this purpose as of June 30, 2023.

P. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Q. Leases Payable:

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

R. Subscriptions Payable:

In the district-wide financial statements, subscriptions payable are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

S. Unearned Revenue:

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

T. Fund Balance Appropriated:

General Fund: Of the \$5,881,377 General Fund balance at June 30, 2023, \$4,237,119 is restricted in the capital reserve account; \$200,030 is restricted in the maintenance reserve account; \$402,032 is restricted for unemployment compensation; \$533,000 is assigned and included as anticipated budget revenue for the fiscal year ending June 30, 2024; and \$509,196 is unassigned which is \$879,470 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which are not recognized until the fiscal year ended June 30, 2024.

Special Revenue Fund: Of the \$681,143 Special Revenue Fund balance at June 30, 2023, \$356,997 is restricted for scholarships and \$324,146 is restricted for student activities.

Capital Projects Fund: The \$3,572,017 Capital Projects Fund balance at June 30, 2023 is committed.

Debt Service Fund: The Debt Service Fund balance at June 30, 2023 of \$134,339 is restricted, of which \$100,001 is included as anticipated budget revenue for the fiscal year ending June 30, 2024.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent fiscal year's budget. The District did not have excess surplus at June 30, 2023.

N.J.S.A. 18A:22-44.2 provides that in the event one or more state school aid payments are not made until the following school budget year, districts must record those state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the fiscal year the State records the payable.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

T. Fund Balance Appropriated: (Cont'd)

The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has \$3,572,017 of committed resources in the Capital Projects Fund at June 30, 2023.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has \$533,000 of assigned resources for subsequent fiscal year's expenditures in the General Fund at June 30, 2023.

V. Deficit Net Position:

The District has a \$16,379,098 deficit in unrestricted net position primarily due to the accrual of compensated absences payable, interest payable, deferred inflows related to pensions, and the net PERS pension liability, offset by deferred outflows related to pensions and Governmental Funds unassigned, committed and assigned fund balances. The deficit balance does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

W. Net Position:

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

W. Net Position: (Cont'd)

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2023 related to pensions and for the deferred amount on refunding of debt related to the District's 2020 refunding school bonds.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2023 related to 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, and subscription 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 and 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.

X. Revenue - Exchange and Nonexchange Transactions:

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, interest and tuition.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Y. Operating Revenue and Expenses:

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

Z. 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.

AA. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Credit Risk – The Board limits its investments to those authorized in its cash management plan which are those permitted under state statute and are detailed in the section of this note on Investments.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law”, P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Investments: (Cont'd)

- (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; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district’s funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2023, cash and cash equivalents of the District consisted of the following:

	Unrestricted	Restricted	Total
Checking and Savings Accounts	\$ 4,322,098	\$ 5,520,324	\$ 9,842,422
	\$ 4,322,098	\$ 5,520,324	\$ 9,842,422

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

During the period ended June 30, 2023, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2023 was \$9,842,422 and the bank balance was \$10,104,807.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022		\$ 5,842,528
Interest Earnings	\$ 200	
Increase by Board Resolution - June 26, 2023	3,655,000	
Unexpended Funds Returned - Capital Projects Fund	554,391	
		4,209,591
Budgeted Withdrawals	(4,500,000)	
Withdrawals by Board Resolution	(1,315,000)	
		(5,815,000)
Ending Balance, June 30, 2023		\$ 4,237,119

The balance in the capital reserve account at June 30, 2023 does not exceed the balance of local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP"). Withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$200,000 was established by Board resolution on June 20, 2011. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current fiscal year in the advertised recapitulation of balances of the subsequent fiscal year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the fiscal year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any fiscal year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at fiscal year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current fiscal year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent fiscal year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022		\$	255,020
Interest Earnings	\$		10
Increase by Board Resolution - June 26, 2023			145,000
			145,010
			400,030
 Budgeted Withdrawals			 (200,000)
Ending Balance, June 30, 2023		\$	200,030

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2023 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 288,500			\$ 288,500
Construction in Progress	12,061,293	\$ 4,438,054	\$(9,921,477)	6,577,870
Total Capital Assets Not Being Depreciated	12,349,793	4,438,054	(9,921,477)	6,866,370

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the fiscal year ended June 30, 2023 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 105,313,457		\$ 9,921,477	\$ 115,234,934
Land Improvements	8,893,971			8,893,971
Machinery and Equipment	16,721,949	\$ 649,369		17,371,318
Total Capital Assets Being Depreciated	130,929,377	649,369	9,921,477	141,500,223
Governmental Activities Capital Assets	143,279,170	5,087,423		148,366,593
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(70,539,709)	(2,359,230)		(72,898,939)
Land Improvements	(3,954,606)	(160,853)		(4,115,459)
Machinery and Equipment	(13,473,415)	(949,503)		(14,422,918)
	(87,967,730)	(3,469,586)		(91,437,316)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 55,311,440	\$ 1,617,837	\$ - 0 -	\$ 56,929,277
Business Type Activities:				
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 910,890			\$ 910,890
Machinery and Equipment	876,818	\$ 84,984		961,802
Total Capital Assets Being Depreciated	1,787,708	84,984		1,872,692
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(430,589)	(19,572)		(450,161)
Machinery and Equipment	(592,632)	(24,995)		(617,627)
	(1,023,221)	(44,567)		(1,067,788)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 764,487	\$ 40,417	\$ - 0 -	\$ 804,904

The increases totaling \$5,172,407, including \$4,438,054 towards construction projects in progress, represent current fiscal year capitalized expenditures in the General and Capital Projects Funds and Business-Type Activities. As of June 30, 2023, the District had active construction projects balances totaling \$3,572,017. The District had \$2,028,796 in outstanding construction commitments at June 30, 2023.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged directly to governmental functions as follows:

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

NOTE 7: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2023, there were no transfers to capital outlay.

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance			Balance	Balance Due
	6/30/2022	Added	Retired	6/30/2023	Within One Year
School Refunding Bonds Payabl	\$ 18,550,000		\$ 2,215,000	\$ 16,335,000	\$ 2,260,000
ESIP Bonds Payable	7,545,000		470,000	7,075,000	285,000
Compensated Absences Payable	4,469,053	\$ 93,477	232,146	4,330,384	184,931
Unamortized Bond Issuance					
Premiums	2,285,864		285,733	2,000,131	285,733
Net Pension Liability	<u>12,066,086</u>	<u>3,059,529</u>		<u>15,125,615</u>	
	<u>\$ 44,916,003</u>	<u>\$ 3,153,006</u>	<u>\$ 3,202,879</u>	<u>\$ 44,866,130</u>	<u>\$ 3,015,664</u>

A.

Bonds Payable:

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

A. Bonds Payable: (Cont'd)

The District had refunding bonds outstanding as of June 30, 2023 as follows:

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
2020 Refunding Bonds	10/01/2029	0.692%-1.662%	<u>\$ 16,335,000</u>

Principal and interest due on the District's 2020 refunding bonds outstanding is liquidated by the Debt Service Fund as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,260,000	\$ 192,375	\$ 2,452,375
2025	2,275,000	174,397	2,449,397
2026	2,300,000	152,360	2,452,360
2027	2,325,000	125,531	2,450,531
2028	2,360,000	94,108	2,454,108
Thereafter:			
2029-2030	<u>4,815,000</u>	<u>79,121</u>	<u>4,894,121</u>
	<u>\$ 16,335,000</u>	<u>\$ 817,892</u>	<u>\$ 17,152,892</u>

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

A. Bonds Payable: (Cont'd)

The District had ESIP bonds outstanding as of June 30, 2023 as follows:

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
ESIP Bonds	7/15/2039	4.00%-5.00%	<u>\$ 7,075,000</u>

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

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 285,000	\$ 311,150	\$ 596,150
2025	295,000	298,075	593,075
2026	250,000	284,450	534,450
2027	280,000	271,200	551,200
2028	305,000	256,575	561,575
Thereafter:			
2029-2033	1,945,000	1,062,050	3,007,050
2034-2038	2,500,000	599,750	3,099,750
2039-2040	<u>1,215,000</u>	<u>61,875</u>	<u>1,276,875</u>
	<u>\$ 7,075,000</u>	<u>\$ 3,145,125</u>	<u>\$ 10,220,125</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2023, the District had no bonds authorized but not issued.

C. Unamortized Bond Issuance Premiums:

The liability for unamortized bond issuance premiums of the governmental fund types is recorded in current and long-term portions. The current portion of unamortized bond issuance premiums at June 30, 2023 is \$285,733 and the long-term portion is \$1,714,398.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in current and long-term portions and is liquidated by the General Fund. The current portion of compensated absences payable at June 30, 2023 is \$184,931 and the long-term portion is \$4,145,453.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees; however, there was no liability as of June 30, 2023.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in current and long-term portions and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2023 is \$-0- and the long-term portion is \$15,125,615. See Note 9 for further information on the PERS.

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

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 \$1,263,909 for fiscal year 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$31,825 to the PERS for normal pension benefits on behalf of the District.

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

Special Funding Situation

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2023, the District reported a liability of \$15,125,615 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 0.1002%, which was a decrease of 0.0016% the same from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized an actual pension benefit of \$1,027,616 related to the District's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$31,825 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

There was no state proportionate share of the net pension liability attributable to the District as of June 30, 2023.

At June 30, 2023, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Amortization Period</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions:			
2018	5.63 years		\$ 363,589
2019	5.21 years		454,366
2020	5.16 years		1,336,081
2021	5.13 years		110,867
2022	5.04 years	\$ 46,864	
		<u>46,864</u>	<u>2,264,903</u>
Changes in Proportion:			
2018	5.63 years	52,464	
2019	5.21 years		123,823
2020	5.16 years	576,946	
2021	5.13 years		20,496
2022	5.04 years		248,026
		<u>629,410</u>	<u>392,345</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2023, the District reported deferred outflows and inflows of resources related to pensions from the following sources: (Cont'd)

	<u>Amortization Period</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience:			
2018	5.63 years		\$ 13,846
2019	5.21 years	\$ 34,732	
2020	5.16 years	74,438	
2021	5.13 years		37,269
2022	5.04 years		45,157
		<u>109,170</u>	<u>96,272</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2019	5 years	14,964	
2020	5 years	449,637	
2021	5 years	(2,804,546)	
2022	5 years	2,965,981	
		<u>626,036</u>	
District Contribution Subsequent to the Measurement Date - 2022	1 year	<u>1,265,667</u>	
		<u>\$ 2,677,147</u>	<u>\$ 2,753,520</u>

The \$1,265,667 District contribution subsequent to the measurement date will be included as a reduction of its net pension liability in the subsequent fiscal year.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

Amounts reported as deferred outflows and inflows of resources (excluding amount of employer specific District contribution subsequent to the measurement date) related to pensions will be recognized in the pension expense/(benefit) as follows:

Fiscal Year Ending June 30,	Total
2023	\$ (1,148,153)
2024	(483,323)
2025	(347,564)
2026	640,999
2027	(3,999)
	\$ (1,342,040)

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2022 are summarized in the table below.

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

Discount Rate

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

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

The following table presents the District's proportionate share of the collective net pension liability as of June 30, 2022 calculated using the discount rate as disclosed in this note, 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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 20,817,595	\$ 15,125,615	\$ 10,593,236

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division).

For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2022, the State's pension contribution was more than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2023, the State of New Jersey contributed \$11,027,518 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$3,652,916.

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

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

At June 30, 2023, the State's proportionate share of the net pension liability associated with the District was \$135,731,591. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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, 2022, the District's proportion was 0.2631%, which was an increase of 0.0009% from its proportion measured as of June 30, 2021.

District's Proportionate Share of the Net Pension Liability	\$ - 0 -
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>135,731,591</u>
Total	<u><u>\$ 135,731,591</u></u>

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$3,652,916 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

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

	Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions:			
2015	8.30 years	\$ 213,742,984	
2016	8.30 years	1,695,809,748	
2017	8.30 years		\$ 3,681,530,748
2018	8.29 years		2,705,362,525
2019	8.04 years		2,012,738,111
2020	7.99 years	1,007,402,060	
2021	7.93 years		11,041,509,093
2022	7.83 years	<u>96,143,072</u>	
		<u>3,013,097,864</u>	<u>19,441,140,477</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	<u>Amortization Period</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience:			
2015	8.30 years	\$ 13,201,022	
2016	8.30 years		\$ 21,088,845
2017	8.30 years	65,502,212	
2018	8.29 years	474,592,771	
2019	8.04 years		78,198,040
2020	7.99 years		5,368,990
2021	7.93 years	146,524,969	
2022	7.83 years		18,009,041
		<u>699,820,974</u>	<u>122,664,916</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2019	5 years	36,220,692	
2020	5 years	482,791,080	
2021	5 years	(2,665,975,358)	
2022	5 years	3,319,334,659	
		<u>1,172,371,073</u>	<u>- 0 -</u>
		<u>\$ 4,885,289,911</u>	<u>\$ 19,563,805,393</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2023	\$ (2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Total Thereafter	<u>(1,687,721,983)</u>
	<u>\$ (14,678,515,482)</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

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

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

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

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

Discount Rate – TPAF

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

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

The following table presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2022 calculated using the discount rate as disclosed in this note, as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 159,148,175	\$ 135,731,591	\$ 116,006,062

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$45,844 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$84,048 for the fiscal year ended June 30, 2023.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

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

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notice-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2021, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	151,669
Active Plan Members	<u>213,148</u>
Total	<u><u>364,817</u></u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021 which was rolled forward to June 30, 2022.

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.

	TPAF/ABP	PERS	PFRS
Salary Increases	2.75 - 4.25%	2.75 - 6.55%	3.25 - 16.25%
	based on years of service	based on years of service	based on years of service

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

Mortality Rates

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State's Proportionate Share of the Total OPEB Liability Attributable to the District

	Total OPEB Liability
Balance at June 30, 2021	\$ 146,415,474
Changes for Year:	
Service Cost	6,273,578
Interest Cost	3,301,228
Difference Between Expected and Actual Experience	5,161,094
Changes in Assumptions	(33,416,870)
Member Contributions	104,902
Gross Benefit Payments	(3,269,964)
Net Changes	(21,846,032)
Balance at June 30, 2022	\$ 124,569,442

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

The following table presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2022 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, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
Total OPEB Liability Attributable to the District	\$ 146,418,276	\$ 124,569,442	\$ 107,058,694

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

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

The following table presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2022 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, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 102,964,258	\$ 124,569,442	\$ 152,949,163

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$3,986,538 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, 2022, the State deferred outflows and inflows of resources related to OPEB attributable to the District is from the following sources:

	Year of Deferral	Original Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumption	2017	9.54 years		\$ 6,467,779
	2018	9.51 years		6,172,101
	2019	9.29 years	\$ 871,407	
	2020	9.24 years	20,574,315	
	2021	9.24 years	114,095	
	2022	9.13 years		29,756,753
				21,559,817

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

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

	<u>Year of Deferral</u>	<u>Original Amortization Period</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	2018	9.51 years		\$ 5,834,556
	2019	9.29 years		10,256,513
	2020	9.24 years	\$ 19,176,069	
	2021	9.24 years		21,941,422
	2022	9.13 years	<u>3,064,518</u>	
			<u>22,240,587</u>	<u>38,032,491</u>
Changes in Proportion	N/A	N/A	<u>5,054,408</u>	<u>1,274,351</u>
			<u>\$ 48,854,812</u>	<u>\$ 81,703,475</u>

N/A - Not Available

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2023	\$ (6,191,156)
2024	(6,191,156)
2025	(6,191,156)
2026	(5,350,711)
2027	(3,059,608)
Total Thereafter	<u>(9,644,933)</u>
	<u>\$ (36,628,720)</u>

NOTE 11. RISK MANAGEMENT

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance

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

Selected, summarized financial information for the Group as of June 30, 2023 is as follows:

	<u>New Jersey Schools Insurance Group (NJSIG)</u>
Total Assets	\$ 429,049,188
Net Position	\$ 201,308,725
Total Revenue	\$ 160,069,780
Total Expenses	\$ 141,165,428
Member Dividends	\$ 2,599,938
Change in Net Position	\$ 16,304,414

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

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

There has been no significant reduction in insurance coverage from the previous year and there have not been any settlements in excess of insurance coverages in any of the prior three years.

New Jersey Unemployment Compensation Insurance

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$ - 0 -	\$ 37	\$ 134,428	\$ 128,889	\$ 402,032
2021-2022	- 0 -	32	175,437	129,133	396,456
2020-2021	100,000	72	179,927	137,049	350,120

NOTE 12. DEFERRED COMPENSATION

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

The plan administrators are as follows:

403b

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

457

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 13. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following interfund balances remained on the balance sheet at June 30, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 73,395	
Special Revenue Fund		\$ 72,792
Proprietary Funds:		
Shared Services		603
	<u>\$ 73,395</u>	<u>\$ 73,395</u>

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

During the fiscal year, the General Fund transferred \$5,815,000 to the Capital Projects Fund for the local share of capital projects, and the Capital Projects Fund transferred \$554,391 of unexpended balance for the local share of projects to the General Fund and \$127,220 of interest earnings to the Debt Service Fund.

NOTE 14. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2023:

	<u>Governmental Funds</u>			District Contribution Subsequent	Total Governmental Activities	Business- Type Activities
	General Fund	Special Revenue Fund	Capital Projects Fund	to the Measurement Date		Proprietary Funds
Accrued Salaries and Wages	\$ 191,908	\$ 1,680			\$ 193,588	
Payroll Deductions and Withholdings	59,235				59,235	
Vendors	483,068	78,851	\$ 41,641		603,560	\$ 23,708
Due to:						
State of New Jersey				\$ 1,265,667	1,265,667	
	<u>\$ 734,211</u>	<u>\$ 80,531</u>	<u>\$ 41,641</u>	<u>\$ 1,265,667</u>	<u>\$ 2,122,050</u>	<u>\$ 23,708</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Programs

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

Encumbrances

At June 30, 2023, there were \$2,028,796 of encumbrances in the Capital Projects governmental fund which are included in the \$3,572,017 committed fund balance on a GAAP and budgetary basis at June 30, 2023.

NOTE 16. ECONOMIC DEPENDENCY

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

NOTE 17. TAX ABATEMENTS

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

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

The Borough of Wharton recognized revenue in the amount of \$666,031 from two payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2022 without the abatements would have been \$957,971 of which \$235,966 would have been regional school taxes.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 18. TAX CALENDAR

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

Taxes are collected by the constituent municipalities and are remitted to the regional school district on a predetermined mutually agreed-upon schedule.

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's Proportion of the Net Pension Liability	0.0962923203%	0.0954496502%	0.1020423880%	0.0961607878%	0.0982396375%
District's Proportionate Share of the Net Pension Liability	\$ 18,028,556	\$ 21,426,534	\$ 30,222,029	\$ 22,384,694	\$ 19,342,895
District's Covered Employee Payroll	\$ 6,627,964	\$ 6,819,569	\$ 6,608,576	\$ 6,781,784	\$ 6,639,087
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	272.01%	314.19%	457.32%	330.07%	291.35%
Plan Fiduciary Net Position as a % of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%	53.60%
	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	
District's Proportion of the Net Pension Liability	0.0958858628%	0.1020076279%	0.1018535970%	0.1002268730%	
District's Proportionate Share of the Net Pension Liability	\$ 17,277,178	\$ 16,634,776	\$ 12,066,086	\$ 15,125,165	
District's Covered Employee Payroll	\$ 7,093,614	\$ 7,391,394	\$ 7,356,441	\$ 7,196,765	
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	243.56%	225.06%	164.02%	210.17%	
Plan Fiduciary Net Position as a % of the Total Pension Liability	56.27%	58.32%	70.33%	62.91%	

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

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

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

	Fiscal Year Ending June 30,			
	2020	2021	2022	2023
Contractually Required Contribution	\$ 937,288	\$ 1,115,914	\$ 1,192,824	\$ 1,263,909
Contributions in relation to the Contractually Required Contribution	<u>(937,288)</u>	<u>(1,115,914)</u>	<u>(1,192,824)</u>	<u>(1,263,909)</u>
Contribution Deficiency/(Excess)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
District's Covered Employee Payroll	\$ 7,391,394	\$ 7,356,441	\$ 7,196,765	\$ 7,136,830
Contributions as a % of Covered Employee Payroll	12.68%	15.17%	16.57%	17.71%

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's Proportion of the Net Pension Liability attributable to the District	0.2567333136%	0.2564323239%	0.2639141422%	0.2675915304%	0.2638701563%
State's Proportionate Share of the Net Pension Liability attributable to the District	\$ 137,215,600	\$ 162,076,179	\$ 207,611,668	\$ 180,419,859	\$ 167,868,526
District's Covered Employee Payroll	\$ 26,259,124	\$ 27,301,314	\$ 27,267,601	\$ 28,035,898	\$ 27,905,288
State's Proportionate Share of the Net Pension Liability attributable to the District as a % of the District's Covered Employee Payroll	522.54%	593.66%	761.39%	643.53%	601.57%
Plan Fiduciary Net Position as a % of the Total Pension Liability	33.64%	28.71%	28.71%	25.41%	26.49%
	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	
State's Proportion of the Net Pension Liability attributable to the District	0.2646224977%	0.2636784359%	0.2621896080%	0.2630741897%	
State's Proportionate Share of the Net Pension Liability attributable to the District	\$ 162,401,325	\$ 173,629,077	\$ 126,048,149	\$ 135,731,591	
District's Covered Employee Payroll	\$ 28,062,499	\$ 29,580,115	\$ 30,263,633	\$ 31,297,224	
State's Proportionate Share of the Net Pension Liability attributable to the District as a % of the District's Covered Employee Payroll	578.71%	586.98%	416.50%	433.69%	
Plan Fiduciary Net Position as a % of the Total Pension Liability	26.95%	24.60%	35.52%	32.29%	

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

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

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

	Fiscal Year Ending June 30,			
	2020	2021	2022	2023
Contractually Required Contribution	\$ 9,578,864	\$ 10,796,995	\$ 7,683,500	\$ 3,652,916
Contributions in relation to the Contractually Required Contribution	(5,783,479)	(7,621,534)	(10,829,860)	(11,027,518)
Contribution Deficiency/(Excess)	<u>\$ 3,795,385</u>	<u>\$ 3,175,461</u>	<u>\$ (3,146,360)</u>	<u>\$ (7,374,602)</u>
District's Covered Employee Payroll	\$ 29,580,115	\$ 30,263,633	\$ 31,297,224	\$ 32,239,579
Contributions as a % of Covered Employee Payroll	19.55%	25.18%	34.60%	34.20%

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

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

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

	Fiscal Year Ending June 30, 2022
Changes in the Total OPEB Liability:	
Service Cost	\$ 6,273,578
Interest Cost	3,301,228
Changes of Benefit Terms	
Difference Between Expected and Actual Experience	5,161,094
Changes in Assumptions	(33,416,870)
Member Contributions	104,902
Gross Benefit Payments	(3,269,964)
Net Change in the Total OPEB Liability	(21,846,032)
Total OPEB Liability - Beginning	146,415,474
Total OPEB Liability - Ending	<u>\$ 124,569,442</u>
District's Covered Employee Payroll *	\$ 38,493,989
Total OPEB Liability as a Percentage of Covered Employee Payroll	324%

* - Covered payroll for the fiscal years ending June 30, 2017 - 2022 is based on the payroll on the June 30, 2016 - 2021 census data.

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The salary increases used in the July 1, 2021 actuarial valuation were 2.75% – 6.55% based on years of service. The salary increases used in the July 1, 2020 actuarial valuation were 2.00% – 6.00% based on years of service through 2026 and 3.00% – 7.00% based on years of service thereafter.

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

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The salary increases used in the July 1, 2021 actuarial valuation were 2.75% – 5.65% based on years of service. The salary increases used in the July 1, 2020 actuarial valuation were 1.55% – 4.45% based on years of service through 2026 and 3.00% – 7.00% based on years of service thereafter.

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

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2022 was 3.54%. The discount rate for June 30, 2021 was 2.16%, a change of 1.38%.

The salary increases for TPAF/ABP thereafter were 1.55% - 4.45% through 2026 and 2.75% - 5.65% for thereafter in the valuation as of June 30, 2021. The salary increases for TPAF/ABP were 2.75% - 4.25% in the valuation as of June 30, 2022.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

The salary increases for PERS were 2.00% - 6.00% through 2026 and 3.00% - 7.00% for thereafter in the valuation as of June 30, 2021. The salary increases for PERS were 2.75% - 6.55% in the valuation as of June 30, 2022.

The salary increases for PFRS were 3.25% - 15.25% through 2026 and not applicable for thereafter in the valuation as of June 30, 2021. The salary increases for PFRS were 3.25% - 16.25% in the valuation as of June 30, 2022.

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years.

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

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

BUDGETARY COMPARISON SCHEDULES

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 63,974,437		\$ 63,974,437	\$ 63,974,437	
Tuition From Other LEA's Within the State	181,577		181,577	174,541	\$ (7,036)
Tuition From Summer School	30,000		30,000	40,910	10,910
Interest Earned on Maintenance Reserve	10		10	10	
Interest Earned on Capital Reserve	200		200	200	
Miscellaneous	245,567		245,567	315,200	69,633
Total - Local Sources	64,431,791		64,431,791	64,505,298	73,507
State Sources:					
Special Education Categorical Aid	2,676,295		2,676,295	2,676,295	
Equalization Aid	3,725,355		3,725,355	3,725,355	
School Choice Aid	1,876,864		1,876,864	1,876,864	
Security Aid	277,006		277,006	277,006	
Transportation Aid	554,744		554,744	554,744	
Extraordinary Special Education Aid	500,000		500,000	1,548,587	1,048,587
Nonpublic School Transportation Costs				25,272	25,272
State Reimbursement for Lead Testing of Drinking Water				5,172	5,172
On-Behalf TPAF Contributions:					
Post-Retirement Medical Benefits (Non-Budgeted)				2,937,094	2,937,094
Pension (Non-Budgeted)				11,027,518	11,027,518
Non-Contributory Insurance (Non-Budgeted)				152,994	152,994
Long-Term Disability Insurance (Non-Budgeted)				3,269	3,269
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				2,145,655	2,145,655
Total State Sources	9,610,264		9,610,264	26,955,825	17,345,561
Federal Sources:					
Medicaid Reimbursement (SEMI)	29,641		29,641	14,263	(15,378)
Total Federal Sources	29,641		29,641	14,263	(15,378)
TOTAL REVENUES	74,071,696		74,071,696	91,475,386	17,403,690

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 19,877,535	\$ 231,000	\$ 20,108,535	\$ 20,025,557	\$ 82,978
Regular Programs - Home Instruction:					
Salaries of Teachers	50,000	30,000	80,000	78,876	1,124
Purchased Professional - Educational Services	100,000	49,500	149,500	147,465	2,035
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 series)	1,003,402	66,739	1,070,141	993,526	76,615
General Supplies	1,324,160	(218,962)	1,105,198	1,022,016	83,182
Textbooks	331,429	(15,098)	316,331	295,564	20,767
Other Objects	22,148	(1,919)	20,229	6,937	13,292
Total Regular Programs - Instruction	22,708,674	141,260	22,849,934	22,569,941	279,993
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	420,467	133,000	553,467	553,271	196
Other Salaries for Instruction		37,000	37,000	30,010	6,990
General Supplies	2,500	(1,168)	1,332	1,243	89
Textbooks	7,500		7,500	7,500	
Total Learning and/or Language Disabilities	430,467	168,832	599,299	592,024	7,275

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	\$ 470,154	\$ (65,000)	\$ 405,154	\$ 403,404	\$ 1,750
Other Salaries for Instruction	46,846	1,000	47,846	47,475	371
Other Purchased Services (400-500 series)	4,000	(54)	3,946	1,751	2,195
General Supplies	5,000	1,593	6,593	6,145	448
Textbooks	5,000		5,000	5,000	
Total Multiple Disabilities	531,000	(62,461)	468,539	463,775	4,764
Resource Room/Resource Center:					
Salaries of Teachers	2,426,680	(47,900)	2,378,780	2,378,168	612
Other Salaries for Instruction	165,966	103,473	269,439	230,339	39,100
Other Purchased Services (400-500 series)		54	54	54	
General Supplies	1,000	540	1,540	1,223	317
Total Resource Room/Resource Center	2,593,646	56,167	2,649,813	2,609,784	40,029
Total Special Education Instruction	3,555,113	162,538	3,717,651	3,665,583	52,068
Bilingual Education - Instruction:					
Salaries of Teachers	347,826	30,000	377,826	372,797	5,029
Other Purchased Services (400-500 series)	80		80		80
General Supplies	200		200	100	100
Textbooks	200		200		200
Total Bilingual Education - Instruction	348,306	30,000	378,306	372,897	5,409

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 609,571	\$ (18,000)	\$ 591,571	\$ 546,125	\$ 45,446
Purchased Services (300-500 series)	28,700	9,475	38,175	29,813	8,362
Supplies and Materials	96,332		96,332	55,210	41,122
Other Objects	14,950		14,950	5,339	9,611
Total School-Sponsored Cocurricular Activities - Instruction	749,553	(8,525)	741,028	636,487	104,541
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	2,068,870	(20,000)	2,048,870	1,871,978	176,892
Purchased Services (300-500 series)	276,783	84,405	361,188	344,997	16,191
Supplies and Materials	200,918	(9,491)	191,427	183,452	7,975
Other Objects	47,100	(30,002)	17,098	12,247	4,851
Total School-Sponsored Cocurricular Athletics - Instruction	2,593,671	24,912	2,618,583	2,412,674	205,909
Total Instruction	29,955,317	350,185	30,305,502	29,657,582	647,920
Other Instructional Programs:					
Summer School - Instruction:					
Salaries	29,715	(468)	29,247	27,707	1,540
Other Salaries for Instruction	58,497	(19,573)	38,924	38,924	
Total Summer School - Instruction	88,212	(20,041)	68,171	66,631	1,540
Summer School - Support Services:					
Salaries	61,076		61,076	44,837	16,239
Total Summer School - Support Services	61,076		61,076	44,837	16,239
Total Summer School	149,288	(20,041)	129,247	111,468	17,779

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Other Instructional Programs:					
Other Supplemental/At Risk Programs - Instruction:					
Salaries	\$ 5,781	\$ 468	\$ 6,249	\$ 5,310	\$ 939
Total Other Supplemental/At Risk Programs - Instruction	5,781	468	6,249	5,310	939
Total Other Supplemental/At Risk Programs	5,781	468	6,249	5,310	939
Total Other Instructional Programs	155,069	(19,573)	135,496	116,778	18,718
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	843,486	(377,977)	465,509	426,376	39,133
Tuition to County Vocational Schools - Regular	1,716,555	(130,000)	1,586,555	1,522,479	64,076
Tuition to County Vocational Schools - Special	66,310	(59,000)	7,310	6,627	683
Tuition to Private Schools for the Disabled - Within the State	3,037,880	187,872	3,225,752	3,186,773	38,979
Tuition - Other	89,452	18,584	108,036	82,679	25,357
Total Undistributed Expenditures - Instruction	5,753,683	(360,521)	5,393,162	5,224,934	168,228
Attendance and Social Work Services:					
Salaries	191,498	47,032	238,530	236,850	1,680
Supplies and Materials	3,025	(407)	2,618	2,284	334
Total Attendance and Social Work Services	194,523	46,625	241,148	239,134	2,014
Health Services:					
Salaries	467,386	(6,482)	460,904	446,931	13,973
Purchased Professional and Technical Services	560,670	(71,630)	489,040	489,040	
Other Purchased Services (400-500 series)	26,475	891	27,366	22,473	4,893
Supplies and Materials	5,375	311	5,686	5,328	358
Total Health Services	1,059,906	(76,910)	982,996	963,772	19,224

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	\$ 358,237	\$ 23,250	\$ 381,487	\$ 377,439	\$ 4,048
Purchased Professional - Educational Services	752,480	(18,500)	733,980	681,107	52,873
Total Other Support Services - Speech, OT, PT and Related Services	1,110,717	4,750	1,115,467	1,058,546	56,921
Other Support Services - Students - Extraordinary Services:					
Salaries	910,195	(106,400)	803,795	740,958	62,837
Other Purchased Services (400-500 series)	5,000	2,073	7,073	5,053	2,020
Supplies and Materials	10,000	15,827	25,827	23,626	2,201
Total Other Support Services - Students - Extraordinary Services	925,195	(88,500)	836,695	769,637	67,058
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	1,660,218	(12,750)	1,647,468	1,643,664	3,804
Salaries of Secretarial and Clerical Assistants	233,097	2,000	235,097	231,628	3,469
Unused Vacation Payment to Terminated/Retired Staff	7,200		7,200	5,757	1,443
Other Purchased Services (400-500 series)	140,533	(55,000)	85,533	52,876	32,657
Supplies and Materials	7,778		7,778	6,092	1,686
Other Objects	1,840		1,840	1,520	320
Total Other Support Services - Students - Guidance	2,050,666	(65,750)	1,984,916	1,941,537	43,379
Other Support Services - Child Study Teams:					
Salaries of Other Professional Staff	1,233,553	(48,500)	1,185,053	1,175,057	9,996
Salaries of Secretarial and Clerical Assistants	136,769	2,500	139,269	137,940	1,329
Other Purchased Services (400-500 series)	32,000	1,515	33,515	32,994	521
Supplies and Materials		10,511	10,511	10,452	59
Total Other Support Services - Child Study Teams	1,402,322	(33,974)	1,368,348	1,356,443	11,905

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 810,872	\$ 50,728	\$ 861,600	\$ 854,319	\$ 7,281
Salaries of Secretarial and Clerical Assistants	342,158	(50,800)	291,358	239,250	52,108
Other Purchased Services (400-500 series)	28,171	(1,480)	26,691	24,229	2,462
Supplies and Materials	1,000	1,334	2,334	1,645	689
Other Objects	500	218	718	718	
Total Improvement of Instructional Services	1,182,701		1,182,701	1,120,161	62,540
Educational Media Services/School Library:					
Salaries	512,608	(20,000)	492,608	485,578	7,030
Unused Vacation Payment to Terminated/Retired Staff	7,200		7,200	7,200	
Other Purchased Services (400-500 series)	14,963	646	15,609	15,177	432
Supplies and Materials	68,400	8,882	77,282	71,616	5,666
Other Objects	500		500	250	250
Total Educational Media Services/School Library	603,671	(10,472)	593,199	572,621	20,578
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	190,750	30,350	221,100	209,834	11,266
Salaries of Other Professional Staff	10,000		10,000	565	9,435
Salaries of Secretarial and Clerical Assistants	60,380	(350)	60,030	50,746	9,284
Other Salaries	40,000	(30,000)	10,000	1,093	8,907
Other Purchased Services (400-500 series)	5,300		5,300	1,766	3,534
Supplies and Materials	5,450	200	5,650	1,099	4,551
Other Objects	300		300	253	47
Total Instructional Staff Training Services	312,180	200	312,380	265,356	47,024

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Support Services - General Administration:					
Salaries	\$ 330,702	\$	\$ 330,702	\$ 323,039	\$ 7,663
Unused Vacation Payment to Terminated/Retired Staff			60,000	56,698	3,302
Legal Services	120,000	27,000	147,000	112,387	34,613
Audit Fees	80,000		80,000	80,000	
Architectural/Engineering Services	5,000	22,000	27,000	14,090	12,910
Other Purchased Professional Services	12,000	(12,000)			
Communications/Telephone	277,600	(16,280)	261,320	247,454	13,866
BOE Other Purchased Services	2,500		2,500	826	1,674
Miscellaneous Purchased Services (400-500 series)	324,500	13,197	337,697	311,963	25,734
General Supplies	15,000	(6,344)	8,656	8,213	443
Miscellaneous Expenditures	6,500	1,000	7,500	6,956	544
BOE Membership Dues and Fees	33,500		33,500	32,707	793
Total Support Services - General Administration	1,207,302	88,573	1,295,875	1,194,333	101,542
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	1,562,180	(37,673)	1,524,507	1,518,118	6,389
Salaries of Secretarial and Clerical Assistants	561,148	(15,000)	546,148	528,428	17,720
Unused Vacation Payment to Terminated/Retired Staff	11,324	673	11,997	11,997	
Other Purchased Services (400-500 series)	38,543	11,382	49,925	38,453	11,472
Supplies and Materials	13,065	(2,900)	10,165		10,165
Other Objects	1,525		1,525	1,511	14
Total Support Services - School Administration	2,187,785	(43,518)	2,144,267	2,098,507	45,760

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Central Services:					
Salaries	\$ 921,478	\$ (6,667)	\$ 914,811	\$ 908,829	\$ 5,982
Unused Vacation Payment to Terminated/Retired Staff	7,200	43,667	50,867	49,420	1,447
Purchased Professional Services	12,800	30,950	43,750	42,622	1,128
Miscellaneous Purchased Services (400-500 series)	219,335	66,552	285,887	278,105	7,782
Supplies and Materials	31,200	(8,921)	22,279	20,991	1,288
Miscellaneous Expenditures	5,900	7,271	13,171	12,805	366
Total Central Services	1,197,913	132,852	1,330,765	1,312,772	17,993
Administration Information Technology:					
Salaries	412,475	(40,000)	372,475	315,188	57,287
Other Purchased Services (400-500 series)	36,960	56,985	93,945	93,611	334
Supplies and Materials	50,503	(4,800)	45,703	33,319	12,384
Total Administration Information Technology	499,938	12,185	512,123	442,118	70,005
Required Maintenance for School Facilities:					
Salaries	407,942	(20,000)	387,942	362,300	25,642
Unused Vacation Payment to Terminated/Retired Staff	3,134		3,134		3,134
Cleaning, Repair and Maintenance Services	329,900	(92,000)	237,900	230,839	7,061
General Supplies	186,000		186,000	122,650	63,350
Total Required Maintenance for School Facilities	926,976	(112,000)	814,976	715,789	99,187

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Custodial Services:					
Salaries	\$ 1,609,234	\$ (115,000)	\$ 1,494,234	\$ 1,342,385	\$ 151,849
Unused Vacation Payment to Terminated/Retired Staff	12,355		12,355	8,904	3,451
Purchased Professional and Technical Services	49,000		49,000	39,664	9,336
Cleaning, Repair and Maintenance Services	257,000	(100,268)	156,732	147,721	9,011
Other Purchased Property Services	91,000	1,768	92,768	71,582	21,186
Insurance	330,000	(6,892)	323,108	323,108	
Miscellaneous Purchased Services	34,500		34,500	17,908	16,592
General Supplies	218,100	(9,432)	208,668	147,053	61,615
Energy (Natural Gas)	375,000	272,000	647,000	506,631	140,369
Energy (Electricity)	310,000	129,432	439,432	383,632	55,800
Other Objects	24,500	(20,000)	4,500	899	3,601
Interest - ESIP Program Bonds	326,250		326,250	326,250	
Principal - ESIP Program Bonds	470,000		470,000	470,000	
Total Custodial Services	4,106,939	151,608	4,258,547	3,785,737	472,810
Care & Upkeep of Grounds:					
Salaries	233,122	7,200	240,322	233,815	6,507
Cleaning, Repair and Maintenance Services	42,352	(11,000)	31,352	16,567	14,785
Supplies	12,000	3,800	15,800	13,923	1,877
Total Care & Upkeep of Grounds	287,474		287,474	264,305	23,169
Security:					
Salaries	257,545	(8,000)	249,545	234,131	15,414
Purchased Professional and Technical Services	156,500	19,388	175,888	163,791	12,097
General Supplies	180,169	(176,300)	3,869		3,869
Total Security	594,214	(164,912)	429,302	397,922	31,380

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Non-Instructional Aides	\$ 219,253	\$ 23,500	\$ 242,753	\$ 242,421	\$ 332
Between Home and School - Regular	1,923,189	(53,270)	1,869,919	1,843,739	26,180
Between Home and School - Special Education	198,519	(14,730)	183,789	182,500	1,289
Other Than Between Home and School	175,000	(115,500)	59,500	47,010	12,490
Unused Vacation Payment to Terminated/Retired Staff		13,552	13,552	13,552	
Other Purchased Professional and Technical Services	7,500	799	8,299	4,084	4,215
Cleaning, Repair and Maintenance Services	20,980	(30)	20,950	20,643	307
Contracted Services:					
Aid in Lieu of Payments - Nonpublic Students	110,000	(38,889)	71,111	71,111	
Aid in Lieu of Payments - Choice Students	5,000	(1,423)	3,577	2,044	1,533
Between Home and School - Vendors	28,800	(5,347)	23,453	23,453	
Other Than Between Home and School - Vendors	250,216	(158,483)	91,733	91,733	
Between Home and School - Joint Agreements	10,000	2,603	12,603	12,603	
Special Education Students - Joint Agreements	10,458		10,458	4,794	5,664
Between Home and School - ESC's and CTSA's	650,250	123,500	773,750	770,028	3,722
Special Education Students - ESC's and CTSA's	1,372,000	673,188	2,045,188	1,953,046	92,142
Miscellaneous Purchased Services	143,197	(101,312)	41,885	41,885	
General Supplies	26,000	(20,270)	5,730	5,553	177
Transportation Supplies	275,000	24,267	299,267	277,756	21,511
Other Objects	6,000	(3,900)	2,100	2,100	
Total Student Transportation Services	5,431,362	348,255	5,779,617	5,610,055	169,562
Allocated Benefits:					
Regular Programs - Instruction:					
Social Security Contributions	134,028	62,461	196,489	196,412	77
Other Retirement Contributions - Regular	83,116	(83,116)			
Workmen's Compensation	62,139		62,139	62,139	
Health Benefits	3,708,802	(94,711)	3,614,091	3,614,091	
Tuition Reimbursement	106,861	(19,566)	87,295	48,910	38,385
Other Employee Benefits	174,179	13,375	187,554	180,492	7,062
Unused Sick Payment to Terminated/Retired Staff	85,000	(19,000)	66,000	66,000	
Total Allocated Benefits - Regular Programs - Instruction	4,354,125	(140,557)	4,213,568	4,168,044	45,524

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Special Programs - Instruction:					
Social Security Contributions	\$ 48,738	\$ 10,163	\$ 58,901	\$ 56,374	\$ 2,527
Other Retirement Contributions - PERS	125,188	(61,550)	63,638	63,568	70
Workmen's Compensation	4,851	4,638	9,489	9,489	
Health Benefits	688,141	404,590	1,092,731	1,080,527	12,204
Tuition Reimbursement	15,200	2,570	17,770	10,956	6,814
Other Employee Benefits	21,000	9,000	30,000	27,000	3,000
Unused Sick Payment to Terminated/Retired Staff	27,000	17,000	44,000	17,000	27,000
Total Allocated Benefits - Special Programs - Instruction	930,118	386,411	1,316,529	1,264,914	51,615
Other Instructional Programs - Instruction:					
Social Security Contributions	210,752	(45,250)	165,502	162,246	3,256
Other Retirement Contributions - PERS	30,171	(10,600)	19,571	19,465	106
Workmen's Compensation	4,410		4,410	4,410	
Health Benefits	127,503	14,450	141,953	133,221	8,732
Other Employee Benefits	6,000		6,000	3,041	2,959
Total Allocated Benefits - Other Instructional Programs - Instruction	378,836	(41,400)	337,436	322,383	15,053
Attendance and Social Work Services:					
Social Security Contributions	14,650	1,900	16,550	16,480	70
Other Retirement Contributions - PERS	17,207	24,000	41,207	41,143	64
Workmen's Compensation	6,671		6,671	6,671	
Health Benefits	91,482	34,900	126,382	114,893	11,489
Other Employee Benefits		400	400	400	
Total Allocated Benefits - Attendance and Social Work Services	130,010	61,200	191,210	179,587	11,623

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Health Services:					
Social Security Contributions	\$ 4,284	\$ 800	\$ 5,084	\$ 4,951	\$ 133
Workmen's Compensation	4,851		4,851	4,851	
Health Benefits	40,087	(400)	39,687	39,687	
Other Employee Benefits	3,000		3,000	3,000	
Unused Sick Payment to Terminated/Retired Staff	17,000	17,000	34,000	33,980	20
Total Allocated Benefits - Health Services	69,222	17,400	86,622	86,469	153
Other Support Services - Speech, OT, PT and Related Services:					
Social Security Contributions	38	500	538	431	107
Workmen's Compensation	1,335		1,335	1,335	
Health Benefits	47,954	39,720	87,674	87,654	20
Tuition Reimbursement		3,000	3,000	2,891	109
Other Employee Benefits	3,000		3,000	3,000	
Total Allocated Benefits - Other Support Services - Speech, OT, PT and Related Services	52,327	43,220	95,547	95,311	236
Other Support Services - Students - Extraordinary Services:					
Social Security Contributions	70,319	(17,357)	52,962	52,957	5
Other Retirement Contributions - PERS	88,463	34,500	122,963	122,789	174
Health Benefits	686,832	(182,920)	503,912	493,269	10,643
Tuition Reimbursement		1,296	1,296	1,291	5
Other Employee Benefits	9,000	(4,250)	4,750	4,750	
Unused Sick Payment to Terminated/Retired Staff	15,000	(10,000)	5,000	4,221	779
Total Allocated Benefits - Other Support Services - Students - Extraordinary Services	869,614	(178,731)	690,883	679,277	11,606

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Allocated Benefits:					
Other Support Services - Students - Guidance:					
Social Security Contributions	\$ 20,318	\$ 5,856	\$ 26,174	\$ 25,760	\$ 414
Other Retirement Contributions - PERS	19,411	18,200	37,611	37,571	40
Workmen's Compensation	8,004		8,004	8,004	
Health Benefits	345,886	(26,500)	319,386	319,386	
Tuition Reimbursement	939		939		939
Other Employee Benefits	12,800	(450)	12,350	12,000	350
Unused Sick Payment to Terminated/Retired Staff	17,000	(9,500)	7,500	7,500	
Total Allocated Benefits - Other Support Services - Students - Guidance	<u>424,358</u>	<u>(12,394)</u>	<u>411,964</u>	<u>410,221</u>	<u>1,743</u>
Other Support Services - Child Study Teams:					
Social Security Contributions	15,981	2,798	18,779	18,757	22
Other Retirement Contributions - PERS	25,554	(2,700)	22,854	19,303	3,551
Workmen's Compensation	13,230		13,230	13,230	
Health Benefits	264,437	(45,620)	218,817	205,261	13,556
Tuition Reimbursement	2,200	(300)	1,900		1,900
Other Employee Benefits	12,000	2,500	14,500	13,500	1,000
Unused Sick Payment to Terminated/Retired Staff	17,000	(17,000)			
Total Allocated Benefits - Other Support Services - Child Study Teams	<u>350,402</u>	<u>(60,322)</u>	<u>290,080</u>	<u>270,051</u>	<u>20,029</u>
Improvement of Instruction Services:					
Social Security Contributions	27,490	(1,273)	26,217	22,782	3,435
Other Retirement Contributions - PERS	29,984	17,000	46,984	46,465	519
Workmen's Compensation	8,004		8,004	8,004	
Health Benefits	165,892	(34,690)	131,202	127,112	4,090
Tuition Reimbursement	11,000	13,000	24,000	23,977	23
Other Employee Benefits	20,300		20,300	19,207	1,093
Total Allocated Benefits - Improvement of Instruction Services	<u>262,670</u>	<u>(5,963)</u>	<u>256,707</u>	<u>247,547</u>	<u>9,160</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Educational Media Services - School Library:					
Social Security Contributions	\$ 7,373	\$ 12,500	\$ 19,873	\$ 19,781	\$ 92
Other Retirement Contributions - PERS	21,831	19,880	41,711	40,396	1,315
Workmen's Compensation	8,004		8,004	8,004	
Health Benefits	91,844	38,800	130,644	125,967	4,677
Other Employee Benefits	3,000	500	3,500	3,500	
Unused Sick Payment to Terminated/Retired Staff	17,000		17,000	5,000	12,000
Total Allocated Benefits - Educational Media Services - School Library	149,052	71,680	220,732	202,648	18,084
Instructional Staff Training Services:					
Social Security Contributions	8,511		8,511	4,360	4,151
Other Retirement Contributions - PERS	6,208	2,000	8,208	8,200	8
Workmen's Compensation	8,004		8,004	8,004	
Health Benefits	29,728	(4,400)	25,328	25,328	
Other Employee Benefits	900	5,000	5,900	3,989	1,911
Total Allocated Benefits - Instructional Staff Training Services	53,351	2,600	55,951	49,881	6,070
Support Services - General Administration:					
Social Security Contributions	7,131	740	7,871	7,871	
Other Retirement Contributions - PERS	12,419	1,200	13,619	13,591	28
Workmen's Compensation	8,004		8,004	8,004	
Health Benefits	33,628	30	33,658	33,610	48
Tuition Reimbursement	4,000		4,000		4,000
Other Employee Benefits	8,601		8,601	7,990	611
Unused Sick Payment to Terminated/Retired Staff		15,000	15,000	15,000	
Total Allocated Benefits - Support Services - General Administration	73,783	16,970	90,753	86,066	4,687

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Support Services - School Administration:					
Social Security Contributions	\$ 49,801	\$ 4,563	\$ 54,364	\$ 54,363	\$ 1
Other Retirement Contributions - PERS	82,706	(3,800)	78,906	78,839	67
Workmen's Compensation	29,349		29,349	29,349	
Health Benefits	343,211	(20,500)	322,711	311,509	11,202
Tuition Reimbursement	11,000		11,000		11,000
Other Employee Benefits	24,899	17,120	42,019	41,964	55
Unused Sick Payment to Terminated/Retired Staff	7,500		7,500		7,500
Total Allocated Benefits - Support Services - School Administration	548,466	(2,617)	545,849	516,024	29,825
Support Services - Central Services:					
Social Security Contributions	50,342		50,342	42,850	7,492
Other Retirement Contributions - PERS	81,331	15,000	96,331	96,295	36
Workmen's Compensation	8,004		8,004	8,004	
Health Benefits	216,956	(9,000)	207,956	199,560	8,396
Tuition Reimbursement	12,000		12,000	960	11,040
Other Employee Benefits	9,201	1,605	10,806	10,802	4
Unused Sick Payment to Terminated/Retired Staff	7,500	15,000	22,500	22,500	
Total Allocated Benefits - Support Services - Central Services	385,334	22,605	407,939	380,971	26,968
Support Services - Administrative Information Technology:					
Social Security Contributions	30,100	(10,000)	20,100	19,705	395
Other Retirement Contributions - PERS	54,978	(16,000)	38,978	38,001	977
Workmen's Compensation	8,004		8,004	8,004	
Health Benefits	59,876	(28,100)	31,776	31,700	76
Other Employee Benefits	6,000	1,595	7,595	7,195	400
Total Allocated Benefits - Support Services - Administrative Information Technology	158,958	(52,505)	106,453	104,605	1,848

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Required Maintenance for School Facilities:					
Social Security Contributions	\$ 35,777	\$	\$ 35,777	\$ 25,952	\$ 9,825
Other Retirement Contributions - PERS	107,440	(48,450)	58,990	58,761	229
Workmen's Compensation	5,408		5,408	5,408	
Health Benefits	104,116	1,500	105,616	98,454	7,162
Tuition Reimbursement	7,000		7,000	7,000	
Other Employee Benefits	1,600	(395)	1,205	188	1,017
Total Allocated Benefits - Required Maintenance for School Facilities	261,341	(47,345)	213,996	188,763	25,233
Custodial Services:					
Social Security Contributions	126,855	(9,700)	117,155	111,335	5,820
Other Retirement Contributions - PERS	174,673	32,000	206,673	205,922	751
Workmen's Compensation	101,430		101,430	101,430	
Health Benefits	545,962	(10,240)	535,722	519,119	16,603
Other Employee Benefits	15,000	(2,500)	12,500	10,905	1,595
Unused Sick Payment to Terminated/Retired Staff	15,000		15,000		15,000
Total Allocated Benefits - Custodial Services	978,920	9,560	988,480	948,711	39,769
Care and Upkeep of Grounds:					
Social Security Contributions	17,833	1,721	19,554	19,518	36
Other Retirement Contributions - PERS	48,164	(13,500)	34,664	34,200	464
Workmen's Compensation	1,103		1,103	1,103	
Health Benefits	122,508	(2,700)	119,808	118,559	1,249
Other Employee Benefits	800		800	200	600
Total Allocated Benefits - Care and Upkeep of Grounds	190,408	(14,479)	175,929	173,580	2,349

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Security:					
Social Security Contributions	\$ 19,702		\$ 19,702	\$ 16,255	\$ 3,447
Other Retirement Contributions - PERS	40,204	9,000	49,204	49,144	60
Workmen's Compensation	1,103		1,103	1,103	
Health Benefits	169,006	18,300	187,306	182,625	4,681
Other Employee Benefits	15,000	2,500	2,500	2,500	
Unused Sick Payment to Terminated/Retired Staff			15,000		15,000
Total Allocated Benefits - Security	245,015	29,800	274,815	251,627	23,188
Student Transportation Services:					
Social Security Contributions	188,013	(8,416)	179,597	179,597	
Other Retirement Contributions - PERS	242,410	(37,506)	204,904	204,754	150
Workmen's Compensation	49,613		49,613	49,613	
Health Benefits	991,053	(156,602)	834,451	834,451	
Other Employee Benefits	28,600	(500)	28,100	27,100	1,000
Unused Sick Payment to Terminated/Retired Staff	20,000	(15,000)	5,000	5,000	
Total Allocated Benefits - Student Transportation Services	1,519,689	(218,024)	1,301,665	1,300,515	1,150
Total Allocated Benefits	12,385,999	(112,891)	12,273,108	11,927,195	345,913
On-Behalf TPAF Contributions:					
Post-Retirement Medical Benefits (Non-Budgeted)				2,937,094	(2,937,094)
Pension (Non-Budgeted)				11,027,518	(11,027,518)
Non-Contributory Insurance (Non-Budgeted)				152,994	(152,994)
Long-Term Disability Insurance (Non-Budgeted)				3,269	(3,269)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				2,145,655	(2,145,655)
Total On-Behalf Contributions				16,266,530	(16,266,530)
Total Personal Services - Employee Benefits	12,385,999	(112,891)	12,273,108	28,193,725	(15,920,617)
Total Undistributed Expenses	43,421,466	(303,973)	43,272,562	57,644,182	(14,371,620)
TOTAL GENERAL CURRENT EXPENSE	73,531,852	46,212	73,578,064	87,301,764	(13,723,700)

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12	\$ 392,486	\$ (50,152)	\$ 342,334	\$ 324,553	\$ 17,781
Undistributed Expenditures:					
Athletics		2,313	2,313	2,313	
Support Services:					
Child Study Teams		4,460	4,460	4,458	2
Educational Media Services/School Library	25,000	(1,220)	23,780	23,780	
General Administration		2,839	2,839	2,839	
Central Services	4,000	(4,000)			
Administrative Information Technology	8,000	(6,010)	1,990	1,990	
Custodial Services	45,000		45,000	3,404	41,596
Student Transportation Services:					
Non-Instructional Equipment	3,000	(3,000)			
School Buses - Regular	284,000	8,398	292,398	292,398	
Total Equipment	761,486	(46,372)	715,114	655,735	59,379
Facilities Acquisition and Construction Services:					
Other Objects - Debt Service Assessment	183,311		183,311	183,311	
Total Facilities Acquisition and Construction Services	183,311		183,311	183,311	
TOTAL CAPITAL OUTLAY	944,797	(46,372)	898,425	839,046	59,379

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
SPECIAL SCHOOLS:					
Summer School - Instruction:					
Salaries of Teachers	\$ 27,944	\$ (3,000)	\$ 24,944	\$ 23,094	\$ 1,850
Other Objects		1,000	1,000	265	735
Total Summer School - Instruction	27,944	(2,000)	25,944	23,359	2,585
Summer School - Support Services:					
Personal Services - Employee Benefits	1,782		1,782	1,767	15
Total Summer School - Support Services	1,782		1,782	1,767	15
Total Summer School	29,726	(2,000)	27,726	25,126	2,600
Accredited Evening/Adult High School - Post-Graduate - Instruction:					
Salaries of Teachers	202,909	(8,718)	194,191	181,937	12,254
General Supplies		2,000	2,000	1,637	363
Total Accredited Evening/Adult High School - Post-Graduate - Instruction	202,909	(6,718)	196,191	183,574	12,617

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
SPECIAL SCHOOLS:					
Accredited Evening/Adult High School - Post-Graduate - Support Services:					
Salaries	\$ 62,812	\$ 1,618	\$ 64,430	\$ 64,430	
Personal Services - Employee Benefits	32,390	7,260	39,650	36,520	\$ 3,130
Total Accredited Evening/Adult High School - Post-Graduate - Support Services	95,202	8,878	104,080	100,950	3,130
Total Accredited Evening/Adult High School - Post-Graduate	298,111	2,160	300,271	284,524	15,747
TOTAL SPECIAL SCHOOLS	327,837	160	327,997	309,650	18,347
TOTAL EXPENDITURES	74,804,486		74,804,486	88,450,460	(13,645,974)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(732,790)	-0-	(732,790)	3,024,926	3,757,716
OTHER FINANCING SOURCES/(USES):					
Transfers In:				554,391	554,391
Capital Reserve - Unexpended Project Balances from Capital Projects Fund					
Transfers Out:				(5,815,000)	(5,815,000)
Capital Projects Fund - Capital Reserve	(4,500,000)	(1,315,000)	(5,815,000)	(5,815,000)	
Total Other Financing Sources/(Uses)	(4,500,000)	(1,315,000)	(5,815,000)	(5,260,609)	554,391

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (5,232,790)	\$ (1,315,000)	\$ (6,547,790)	\$ (2,235,683)	\$ 4,312,107
Fund Balance, July 1	8,996,530		8,996,530	8,996,530	
Fund Balance, June 30	\$ 3,763,740	\$ (1,315,000)	\$ 2,448,740	\$ 6,760,847	\$ 4,312,107

Recapitulation of Fund Balance at June 30, 2023:

Restricted:	
Capital Reserve	\$ 4,237,119
Maintenance Reserve	200,030
Unemployment Compensation	402,032
Assigned - Designated for Subsequent Year's Expenditures	533,000
Unassigned	1,388,666
Total Fund Balance - Budgetary Basis	6,760,847
Reconciliation to Governmental Fund Statements (GAAP):	
June State Aid Payments not recognized on GAAP Basis	(879,470)
Fund Balance per Governmental Fund on (Exhibit B-2)	\$ 5,881,377

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 6,084	\$ 408,039	\$ 414,123	\$ 437,974	\$ 23,851
State Sources	356,961	85,510	442,471	390,401	(52,070)
Federal Sources	864,468	848,646	1,713,114	1,397,671	(315,443)
Total Revenues	<u>1,227,513</u>	<u>1,342,195</u>	<u>2,569,708</u>	<u>2,226,046</u>	<u>(343,662)</u>
EXPENDITURES:					
Instruction:					
Personal Services - Salaries	77,619	6,912	84,531	25,685	58,846
Purchased Professional - Educational Services	262,720	40,805	303,525	278,514	25,011
Purchased Professional - Technical Services	10,458	6,147	16,605	8,060	8,545
Other Purchased Services	527,481	339,033	866,514	807,513	59,001
General Supplies	6,084	22,946	29,030	8,446	20,584
Textbooks		31,482	31,482	9,838	21,644
Total Instruction	<u>884,362</u>	<u>447,325</u>	<u>1,331,687</u>	<u>1,138,056</u>	<u>193,631</u>
Support Services:					
Personal Services - Salaries	81,653	118,736	200,389	172,746	27,643
Personal Services - Employee Benefits	43,655	(201)	43,454	37,624	5,830
Other Purchased Professional - Technical Services	93,712	354,521	448,233	315,977	132,256
Other Purchased Services	29,890	25,423	55,313	44,404	10,909
Supplies and Materials	94,241	(7,648)	86,593	80,912	5,681
Scholarships Awarded		56,680	56,680	56,680	
Student Activities		347,359	347,359	347,359	
Total Support Services	<u>343,151</u>	<u>894,870</u>	<u>1,238,021</u>	<u>1,055,702</u>	<u>182,319</u>
Total Expenditures	<u>1,227,513</u>	<u>1,342,195</u>	<u>2,569,708</u>	<u>2,193,758</u>	<u>375,950</u>
Excess of Revenues Over Expenditures	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 32,288</u>	<u>\$ 32,288</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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	\$ 91,475,386	\$ 2,226,046
Difference - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue whereas the GAAP Basis Does Not:		
Prior Year Encumbrances		893,583
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	854,736	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(879,470)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 91,450,652	\$ 3,119,629
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 88,450,460	\$ 2,193,758
Differences - Budgetary to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for GAAP Reporting Purposes.		
Prior Year Encumbrances		893,583
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 88,450,460	\$ 3,087,341

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budget was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

MORRIS HILLS REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

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

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Elementary and Secondary Education Act				COVID-19 ARP Homeless Children and Youth
	IDEA Part B, Basic	Title I	Title II, Part A	Title III Immigrant	
REVENUE:					
Local Sources					
State Sources					
Federal Sources	\$ 706,354	\$ 95,319	\$ 41,145	\$ 11,083	\$ 7,167
Total Revenue	706,354	95,319	41,145	11,083	7,167
EXPENDITURES:					
Instruction:					
Personal Services - Salaries					
Purchased Professional - Educational Services					
Purchased Professional - Technical Services				893	7,167
Other Purchased Services	577,881			722	1,448
General Supplies					
Textbooks					
Total Instruction	577,881			722	7,167
Support Services:					
Personal Services - Salaries		56,418	37,948	8,896	
Personal Services - Employee Benefits		27,380	2,869	669	
Other Purchased Professional and Technical Services	128,473			796	
Other Purchased Services		11,521	328		
Supplies and Materials					9,081
Scholarships Awarded					
Student Activities					
Total Support Services	128,473	95,319	41,145	10,361	9,081
Total Expenditures	\$ 706,354	\$ 95,319	\$ 41,145	\$ 11,083	\$ 7,167

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

		COVID-19 ARP					
		Accelerated Learning Coaching and Educator Support	Evidence-Based Comprehensive Beyond the School Day Activities	Evidence-Based Summer Learning and Enrichment Activities	NJTSS Mental Health Support Staffing	COVID-19 CRRSA Learning Acceleration	Mental Health
REVENUE:	ESSER III						
Local Sources							
State Sources							
Federal Sources							
Total Revenue		\$ 84,999	\$ 123,263	\$ 1,099	\$ 29,028	\$ 45,000	\$ 8,255
EXPENDITURES:		84,999	123,263	1,099	29,028	45,000	8,255
Instruction:							
Personal Services - Salaries					25,663		22
Purchased Professional - Educational Services							
Purchased Professional - Technical Services							
Other Purchased Services				1,400			
General Supplies							
Textbooks							
Total Instruction					27,063		22
Support Services:							
Personal Services - Salaries			63,568	1,033			
Personal Services - Employee Benefits			4,675	66	1,965		
Other Purchased Professional and Technical Services		84,999	49,250			45,000	8,255
Other Purchased Services			5,770				
Supplies and Materials							
Scholarships Awarded							
Student Activities							
Total Support Services		84,999	123,263	1,099	1,965	45,000	8,255
Total Expenditures		\$ 84,999	\$ 123,263	\$ 1,099	\$ 29,028	\$ 45,000	\$ 8,255

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	NJ Nonpublic						
	ACSERS	Climate Change Awareness	Auxiliary Services (Chapter 192)		Handicapped Services (Chapter 193)		Technology
			Compensatory Education	Corrective Speech	Examination & Classification	Supplementary Instruction	
REVENUE:							
Local Sources							
State Sources		\$ 4,595	\$ 82,029	\$ 2,511	\$ 63,732	\$ 76,818	\$ 16,783
Federal Sources							
Total Revenue	\$ 233,515	4,595	82,029	2,511	63,732	76,818	16,783
EXPENDITURES:							
Instruction:							
Personal Services - Salaries							
Purchased Professional - Educational Services			82,029	2,511	63,732	76,818	
Purchased Professional - Technical Services							
Other Purchased Services	228,632						
General Supplies		4,229					
Textbooks							
Total Instruction	228,632	4,229	82,029	2,511	63,732	76,818	
Support Services:							
Personal Services - Salaries	4,883						
Personal Services - Employee Benefits							
Other Purchased Professional and Technical Services							
Other Purchased Services		366					
Supplies and Materials							
Scholarships Awarded							
Student Activities							16,783
Total Support Services	4,883	366					16,783
Total Expenditures	\$ 233,515	\$ 4,595	\$ 82,029	\$ 2,511	\$ 63,732	\$ 76,818	\$ 16,783

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	NJ Nonpublic				Totals		
	Textbooks	Nursing	Security Aid	Local Grants	Student Activities	Scholarships	June 30, 2023
REVENUE:							
Local Sources							
State Sources	\$ 9,838	\$ 53,424	\$ 80,671	\$ 1,647	\$ 385,225	\$ 51,102	\$ 437,974
Federal Sources							390,401
Total Revenue	9,838	53,424	80,671	1,647	385,225	51,102	1,397,671
EXPENDITURES:							
Instruction:							
Personal Services - Salaries							25,685
Purchased Professional - Educational Services		53,424					278,514
Purchased Professional - Technical Services							8,060
Other Purchased Services				1,000			807,513
General Supplies				647			8,446
Textbooks	9,838						9,838
Total Instruction	9,838	53,424		1,647			1,138,056
Support Services:							
Personal Services - Salaries							172,746
Personal Services - Employee Benefits							37,624
Other Purchased Professional - Technical Services							315,977
Other Purchased Services			37,472				44,404
Supplies and Materials			43,199				80,912
Scholarships Awarded						56,680	56,680
Student Activities					347,359		347,359
Total Support Services			80,671		347,359	56,680	1,055,702
Total Expenditures	\$ 9,838	\$ 53,424	\$ 80,671	\$ 1,647	\$ 347,359	\$ 56,680	\$ 2,193,758

CAPITAL PROJECTS FUND

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Revenue and Other Financing Sources:	
Transfer from Capital Reserve	\$ 5,815,000
Interest Revenue	127,220
	<hr/>
Total Revenue and Other Financing Sources	5,942,220
	<hr/>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	114,995
Construction Services	4,323,059
Transfers Out:	
General Fund - Unexpended Project Balances - Capital Reserve	554,391
Debt Service Fund - Interest Earned	127,220
	<hr/>
Total Expenditures and Other Financing Uses	5,119,665
	<hr/>
Excess/(Deficiency) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	822,555
	<hr/>
Fund Balance - Beginning	2,749,462
	<hr/>
Fund Balance - Ending	\$ 3,572,017
	<hr/> <hr/>
<u>Recapitulation of Fund Balance at June 30, 2023:</u>	
Committed Fund Balance	\$ 1,543,221
Committed Fund Balance - Year-End Encumbrances	2,028,796
	<hr/>
Committed Fund Balance per Governmental Funds (Budgetary/GAAP Basis)	\$ 3,572,017
	<hr/> <hr/>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS AND MORRIS KNOLLS HIGH SCHOOLS -
ENERGY SAVINGS IMPROVEMENT PLAN (ESIP)
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior</u>	<u>Current</u>	<u>Totals</u>	<u>Revised</u>
	<u>Periods</u>	<u>Year</u>		<u>Project</u>
				<u>Authorization</u>
Revenue and Other Financing Sources:				
ESIP Bond Proceeds and Transfers	\$ 8,230,000		\$ 8,230,000	\$ 8,230,000
Premium on ESIP Bonds	927,177		927,177	927,177
Interest on ESIP Bonds	26,641		26,641	26,641
Transfer from Capital Reserve	750,000	\$ (12,341)	737,659	737,659
Total Revenue and Other Financing Sources	9,933,818	(12,341)	9,921,477	9,921,477
Expenditures:				
Purchased Professional and Technical Services	641,402		641,402	641,402
Construction Services	9,029,399	250,676	9,280,075	9,280,075
Total Expenditures	9,670,801	250,676	9,921,477	9,921,477
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 263,017	\$ (263,017)	\$ - 0 -	\$ - 0 -
Additional Project Information:				
Project Number(s)	Not Applicable			
Grant Date	Not Applicable			
Bond Authorization Date	January 2019			
Bonds Authorized	\$ 8,230,000			
Bonds Issued	\$ 8,230,000			
Original Authorized Cost	\$ 9,157,177			
Additional Authorization	\$ 776,641			
Change Orders	\$ - 0 -			
Unexpended Balance - Returned to Capital Reserve	\$ (12,341)			
Revised Authorized Cost	<u>\$ 9,921,477</u>			
Change Order Percentage	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	December 2020			
Revised Target Completion Date	January 2023			

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS AND MORRIS KNOLLS HIGH SCHOOLS - HVAC UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 2,159,000	\$ 850,000	\$ 3,009,000	\$ 3,009,000
Total Revenue and Other Financing Sources	<u>2,159,000</u>	<u>850,000</u>	<u>3,009,000</u>	<u>3,009,000</u>
Expenditures:				
Purchased Professional and Technical Services	298,038	29,474	327,512	411,500
Construction Services	928,043	460,775	1,388,818	2,597,500
Total Expenditures	<u>1,226,081</u>	<u>490,249</u>	<u>1,716,330</u>	<u>3,009,000</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 932,919</u>	<u>\$ 359,751</u>	<u>\$ 1,292,670</u>	<u>\$ - 0 -</u>

Additional Project Information:	
Project Number(s)	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 659,000
Additional Authorization	\$ 2,350,000
Change Orders	<u>\$ - 0 -</u>
Revised Authorized Cost	<u>\$ 3,009,000</u>
Change Order Percentage	0.00%
Percentage Completion	57.04%
Original Target Completion Date	December 2023
Revised Target Completion Date	June 2024

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS AND MORRIS KNOLLS HIGH SCHOOLS - FIRE ALARM REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 1,074,392	\$ (91,672)	\$ 982,720	\$ 982,720
Total Revenue and Other Financing Sources	1,074,392	(91,672)	982,720	982,720
Expenditures:				
Purchased Professional and Technical Services	110,475		110,475	110,475
Construction Services	872,245		872,245	872,245
Total Expenditures	982,720	- 0 -	982,720	982,720
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 91,672	\$ (91,672)	\$ - 0 -	\$ - 0 -
Additional Project Information:				
Project Number	Not Applicable			
Grant Date	Not Applicable			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 1,052,813			
Additional Authorization	\$ 1,260,000			
Change Orders	\$ - 0 -			
Transfers	\$ (100,000)			
Unexpended Balance - Returned to Capital Reserve	\$ (1,230,093)			
Revised Authorized Cost	\$ 982,720			
Change Order Percentage	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	June 2022			
Revised Target Completion Date	December 2022			

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS AND MORRIS KNOLLS HIGH SCHOOLS - SECURE VESTIBULES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 1,193,545	\$ (118,364)	\$ 1,075,181	\$ 1,075,181
Total Revenue and Other Financing Sources	<u>1,193,545</u>	<u>(118,364)</u>	<u>1,075,181</u>	<u>1,075,181</u>
Expenditures:				
Purchased Professional and Technical Services	58,733	8,793	67,526	78,676
Construction Services	99,370	492,365	591,735	996,505
Total Expenditures	<u>158,103</u>	<u>501,158</u>	<u>659,261</u>	<u>1,075,181</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 1,035,442</u>	<u>\$ (619,522)</u>	<u>\$ 415,920</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 1,193,545
Change Orders	\$ - 0 -
Unexpended Balance - Returned to Capital Reserve	<u>\$ (118,364)</u>
Revised Authorized Cost	<u>\$ 1,075,181</u>
Change Order Percentage	0.00%
Percentage Completion	61.32%
Original Target Completion Date	June 2023
Revised Target Completion Date	June 2024

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS HIGH SCHOOL - LIBRARY RENOVATION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 450,000		\$ 450,000	\$ 450,000
Total Revenue and Other Financing Sources	<u>450,000</u>	<u>\$ - 0 -</u>	<u>450,000</u>	<u>450,000</u>
Expenditures:				
Purchased Professional and Technical Services	23,588	18,593	42,181	60,000
Construction Services				390,000
Total Expenditures	<u>23,588</u>	<u>18,593</u>	<u>42,181</u>	<u>450,000</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 426,412</u>	<u>\$ (18,593)</u>	<u>\$ 407,819</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 450,000
Change Orders	<u>\$ - 0 -</u>
Revised Authorized Cost	<u>\$ 450,000</u>
Change Order Percentage	0.00%
Percentage Completion	9.37%
Original Target Completion Date	June 2023
Revised Target Completion Date	June 2025

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS AND MORRIS KNOLLS HIGH SCHOOLS -
MASONRY AND FENCING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 415,000	\$ 415,000	\$ 415,000
Total Revenue and Other Financing Sources	\$ - 0 -	415,000	415,000	415,000
Expenditures:				
Construction Services		206,004	206,004	415,000
Total Expenditures		206,004	206,004	415,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ - 0 -</u>	<u>\$ 208,996</u>	<u>\$ 208,996</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number(s)	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable

Original Authorized Cost	\$ 365,000
Additional Authorization	\$ 50,000
Change Orders	<u>\$ - 0 -</u>

Revised Authorized Cost	<u>\$ 415,000</u>
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Change Order Percentage	0.00%
Percentage Completion	49.64%

Original Target Completion Date	June 2023
Revised Target Completion Date	December 2023

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS AND MORRIS KNOLLS HIGH SCHOOLS - CLASSROOM UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 802,986	\$ 802,986	\$ 802,986
Total Revenue and Other Financing Sources	- 0 -	802,986	802,986	802,986
Expenditures:				
Purchased Professional and Technical Services		14,625	14,625	25,000
Construction Services		573,711	573,711	777,986
Total Expenditures	- 0 -	588,336	588,336	802,986
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ - 0 -	\$ 214,650	\$ 214,650	\$ - 0 -
Additional Project Information:				
Project Number		Not Applicable		
Grant Date		Not Applicable		
Bond Authorization Date		Not Applicable		
Bonds Authorized		Not Applicable		
Bonds Issued		Not Applicable		
Original Authorized Cost		\$ 1,135,000		
Change Orders		\$ - 0 -		
Unexpended Balance - Returned to Capital Reserve		<u>\$ (332,014)</u>		
Revised Authorized Cost		<u>\$ 802,986</u>		
Change Order Percentage		0.00%		
Percentage Completion		73.27%		
Original Target Completion Date		June 2023		
Revised Target Completion Date		January 2024		

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS AND MORRIS KNOLLS HIGH SCHOOLS - ROOFING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 225,000	\$ 225,000	\$ 225,000
Total Revenue and Other Financing Sources	\$ - 0 -	225,000	225,000	225,000
Expenditures:				
Purchased Professional and Technical Services		14,625	14,625	30,000
Construction Services				195,000
Total Expenditures		14,625	14,625	225,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ - 0 -	\$ 210,375	\$ 210,375	\$ - 0 -

Additional Project Information:

Project Number(s)	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable

Original Authorized Cost	\$ 150,000
Additional Authorization	\$ 75,000
Change Orders	\$ - 0 -

Revised Authorized Cost	<u>\$ 225,000</u>
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Change Order Percentage	0.00%
Percentage Completion	6.50%

Original Target Completion Date	June 2023
Revised Target Completion Date	January 2024

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS AND MORRIS KNOLLS HIGH SCHOOLS - LAVATORY REMODELING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 770,000	\$ 770,000	\$ 770,000
Total Revenue and Other Financing Sources	\$ - 0 -	770,000	770,000	770,000
Expenditures:				
Purchased Professional and Technical Services		28,885	28,885	31,000
Construction Services		653,630	653,630	739,000
Total Expenditures		682,515	682,515	770,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ - 0 -	\$ 87,485	\$ 87,485	\$ - 0 -

Additional Project Information:

Project Number(s)	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable

Original Authorized Cost	\$ 300,000
Additional Authorization	\$ 470,000
Change Orders	\$ - 0 -

Revised Authorized Cost	<u>\$ 770,000</u>
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Change Order Percentage	0.00%
Percentage Completion	88.64%

Original Target Completion Date	December 2023
Revised Target Completion Date	June 2024

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS AND MORRIS KNOLLS HIGH SCHOOLS -
BELL/CLOCK/SOUND SYSTEM/SECURITY CAMERA UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 1,900,000	\$ 1,900,000	\$ 1,900,000
Total Revenue and Other Financing Sources	\$ - 0 -	1,900,000	1,900,000	1,900,000
Expenditures:				
Construction Services		1,541,973	1,541,973	1,900,000
Total Expenditures		1,541,973	1,541,973	1,900,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ - 0 -	\$ 358,027	\$ 358,027	\$ - 0 -
Additional Project Information:				
Project Number(s)	Not Applicable			
Grant Date	Not Applicable			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 1,200,000			
Additional Authorization	\$ 700,000			
Change Orders	\$ - 0 -			
Revised Authorized Cost	<u>\$ 1,900,000</u>			
Change Order Percentage	0.00%			
Percentage Completion	81.16%			
Original Target Completion Date	June 2024			
Revised Target Completion Date	June 2025			

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS AND MORRIS KNOLLS HIGH SCHOOLS - CAFETERIA KITCHEN UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 520,000	\$ 520,000	\$ 520,000
Total Revenue and Other Financing Sources	\$ - 0 -	520,000	520,000	520,000
Expenditures:				
Construction Services		143,925	143,925	520,000
Total Expenditures		143,925	143,925	520,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ - 0 -	\$ 376,075	\$ 376,075	\$ - 0 -

Additional Project Information:

Project Number(s)	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable

Original Authorized Cost	\$ 500,000
Additional Authorization	\$ 20,000
Change Orders	\$ - 0 -

Revised Authorized Cost	<u>\$ 520,000</u>
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Change Order Percentage	0.00%
Percentage Completion	27.68%

Original Target Completion Date	December 2023
Revised Target Completion Date	June 2024

PROPRIETARY FUNDS

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Major Funds			
	Food Service	Academy for Technology	Shared Services	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 503,672	\$ 6,619		\$ 510,291
Receivable from:				
Federal Government	24,123			24,123
State Government	1,178			1,178
Other Governments			\$ 677	677
Inventories	11,733			11,733
Total Current Assets	540,706	6,619	677	548,002
Non-Current Assets:				
Capital Assets	870,579	1,002,113		1,872,692
Less: Accumulated Depreciation	(398,404)	(669,384)		(1,067,788)
Total Non-Current Assets	472,175	332,729		804,904
Total Assets	1,012,881	339,348	677	1,352,906
LIABILITIES:				
Current Liabilities:				
Interfund Payable - General Fund			603	603
Accounts Payable	23,634		74	23,708
Unearned Revenue:				
Prepaid Sales	23,936			23,936
Supply Chain Assistance	24,326			24,326
Total Current Liabilities	71,896		677	72,573
Total Liabilities	71,896		677	72,573
NET POSITION:				
Investment in Capital Assets	472,175	332,729		804,904
Unrestricted	468,810	6,619		475,429
Total Net Position	\$ 940,985	\$ 339,348	\$ - 0 -	\$1,280,333

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds			
	Major Funds			Total Enterprise Funds
	Food Service	Academy for Technology	Shared Services	
Operating Revenue:				
Charges for Services:				
Daily Sales:				
Reimbursable Programs	\$ 44,232			\$ 44,232
Non-Reimbursable Programs	1,076,591			1,076,591
Total Daily Sales	1,120,823			1,120,823
Special Events	18,644			18,644
Tuition		\$ 2,780,581		2,780,581
Service Fees			\$ 1,130,005	1,130,005
Total Operating Revenue	1,139,467	2,780,581	1,130,005	5,050,053
Operating Expenses:				
Cost of Sales:				
Reimbursable	446,167			446,167
Non-Reimbursable	344,496			344,496
Total Cost of Sales	790,663			790,663
Salaries	555,162	2,300,994	711,879	3,568,035
Payroll Taxes	77,415	45,195	16,227	138,837
Employee Benefits	34,526	425,331	278,607	738,464
Purchased Professional/Educational Services		9,061	93,600	102,661
Other Purchased Services	44,942		797	45,739
Purchased Property Services	150,284			150,284
Supplies and Materials	70,410		28,895	99,305
Depreciation Expense	24,995	19,572		44,567
Total Operating Expenses	1,748,397	2,800,153	1,130,005	5,678,555
Operating Income/(Loss)	(608,930)	(19,572)		(628,502)

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Business-Type Activities - Enterprise Funds</u>			Total Enterprise Funds
	<u>Major Funds</u>			
	<u>Food Service</u>	<u>Academy for Technology</u>	<u>Shared Services</u>	
Non-Operating Revenue:				
Federal Sources:				
School Breakfast Program	\$ 65,740			\$ 65,740
National School Lunch Program	397,042			397,042
Food Distribution Program	82,611			82,611
COVID-19 - Supply Chain Assistance Award	121,287			121,287
Local Food for Schools (LFS) Cooperative Reimbursement from FSMC for Payroll Protection Plan	789			789
	49,032			49,032
State Sources:				
School Breakfast Program	2,495			2,495
School Lunch Program	21,669			21,669
Total Non-Operating Revenue	<u>740,665</u>			<u>740,665</u>
Change in Net Position	131,735	\$ (19,572)	\$ - 0 -	112,163
Net Position - Beginning of Year	<u>809,250</u>	<u>358,920</u>	<u>- 0 -</u>	<u>1,168,170</u>
Net Position - End of Year	<u>\$ 940,985</u>	<u>\$ 339,348</u>	<u>\$ - 0 -</u>	<u>\$ 1,280,333</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds			
	Major Funds			Total Enterprise Funds
	Food Service	Academy for Technology	Shared Services	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 1,131,708	\$ 2,780,581	\$ 1,130,410	\$ 5,042,699
Payments to Employees	(50,000)	(2,346,189)	(728,106)	(3,124,295)
Payments to Food Service Vendor	(1,595,718)			(1,595,718)
Payments to Suppliers	(39,322)	(434,392)	(402,304)	(876,018)
Net Cash Provided by/(Used for) Operating Activities	<u>(553,332)</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>(553,332)</u>
Cash Flows from Noncapital and Related Financing Activities:				
Federal Subsidy Reimbursements	528,454			528,454
COVID-19 - Supply Chain Assistance Award	145,613			145,613
Food Service Management Company Payroll Protection Plan	49,032			49,032
State Subsidy Reimbursements	24,532			24,532
Net Cash Provided by Noncapital and Related Financing Activities	<u>747,631</u>			<u>747,631</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase of Capital Assets	(84,984)			(84,984)
Net Cash Used for Capital and Related Financing Activities	<u>(84,984)</u>			<u>(84,984)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	109,315	- 0 -	- 0 -	109,315
Cash and Cash Equivalents, July 1	394,357	6,619	- 0 -	400,976
Cash and Cash Equivalents, June 30	<u>\$ 503,672</u>	<u>\$ 6,619</u>	<u>\$ - 0 -</u>	<u>\$ 510,291</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Operating (Loss)	\$ (608,930)	\$ (19,572)	\$ - 0 -	\$ (628,502)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Depreciation	24,995	19,572		44,567
Federal Food Distribution Program	82,611			82,611
Changes in Assets and Liabilities:				
Decrease in Receivables:				
Other	8,076		405	8,481
(Increase) in Inventory	(149)			(149)
Increase/(Decrease) in Accounts Payable	(44,100)		74	(44,026)
(Decrease) in Interfund Payable			(479)	(479)
(Decrease) in Unearned Revenue - Prepaid Sales	(15,835)			(15,835)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (553,332)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ (553,332)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$82,611 for the fiscal year ended June 30, 2023.

**FIDUCIARY ACTIVITIES
(NOT APPLICABLE)**

LONG-TERM LIABILITIES

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds				Balance June 30, 2023	
			Date	Amount	Interest Rate	Balance June 30, 2022		
Refunding Bonds	03/28/12	\$ 28,230,000					\$ 1,810,000	\$ 1,810,000
Refunding Bonds	07/16/20	17,615,000	10/01/23	\$ 2,260,000	0.692%			
			10/01/24	2,275,000	0.893%			
			10/01/25	2,300,000	1.033%			
			10/01/26	2,325,000	1.286%			
			10/01/27	2,360,000	1.396%			
			10/01/28	2,390,000	1.562%			
			10/01/29	2,425,000	1.662%			
							16,740,000	405,000
							<u>\$ 18,550,000</u>	<u>\$ 2,215,000</u>
							<u>\$ 16,335,000</u>	<u>\$ 16,335,000</u>

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2022	Matured	Balance June 30, 2023
			Date	Amount				
ESIP	04/03/19	\$ 8,230,000	07/15/23	\$ 285,000	4.00%			
			07/15/24	295,000	5.00%			
			07/15/25	250,000	5.00%			
			07/15/26	280,000	5.00%			
			07/15/27	305,000	5.00%			
			07/15/28	330,000	4.00%			
			07/15/29	360,000	4.00%			
			07/15/30	390,000	4.00%			
			07/15/31	415,000	4.00%			
			07/15/32	450,000	4.00%			
			07/15/33	480,000	4.00%			
			07/15/34	515,000	4.00%			
			07/15/35	465,000	4.00%			
			07/15/36	500,000	5.00%			
			07/15/37	540,000	5.00%			
			07/15/38	585,000	5.00%			
			07/15/39	630,000	5.00%			
						\$ 7,545,000	\$ 470,000	\$ 7,075,000

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,282,642		\$ 2,282,642	\$ 2,282,642	
Total Revenues	2,282,642		2,282,642	2,282,642	
EXPENDITURES:					
Regular Debt Service:					
Interest	237,642		237,642	237,642	
Redemption of Principal	2,215,000		2,215,000	2,215,000	
Total Regular Debt Service	2,452,642		2,452,642	2,452,642	
Total Expenditures	2,452,642		2,452,642	2,452,642	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(170,000)		(170,000)	(170,000)	
Other Financing Sources/(Uses):					
Transfers In - Capital Projects Fund:					
Interest Earned				127,220	\$ 127,220
Total Other Financing Sources/(Uses)				127,220	127,220
Excess/(Deficiency) of Revenues and Other Financing Sources/(Uses) Over/(Under) Expenditures	(170,000)		(170,000)	(42,780)	127,220
Fund Balance, July 1	177,119		177,119	177,119	- 0 -
Fund Balance, June 30	\$ 7,119	\$ - 0 -	\$ 7,119	\$ 134,339	\$ 127,220

Recapitulation of Fund Balance at June 30, 2023:

Restricted for Subsequent Year's Expenditures	\$ 100,001
Restricted	34,338
	<u>\$ 134,339</u>

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 25,898,711	\$ 29,949,751	\$ 31,973,788	\$ 37,018,549	\$ 37,441,788	\$ 34,618,354	\$ 32,729,696	\$ 33,071,300	\$ 32,555,760	\$ 31,545,645
Special Education	4,691,075	5,359,840	5,524,463	6,328,897	6,942,610	6,680,264	6,998,361	6,956,260	6,134,877	6,572,245
Other Special Instruction	752,932	935,752	935,440	1,154,988	1,105,403	348,014	371,392	384,520	366,250	456,013
School-Sponsored Other Instruction	3,250,058	3,818,728	4,089,715	4,580,034	4,643,699	4,355,763	4,007,556	4,079,200	3,979,506	3,705,126
Support Services:										
Tuition	5,502,348	5,155,195	4,996,386	5,492,215	5,654,973	4,916,322	4,996,804	5,721,003	5,181,076	5,224,934
Student & Instruction Related Services	8,775,143	10,150,640	10,919,707	12,491,731	12,756,070	12,364,467	12,094,105	13,318,329	14,353,846	14,393,623
General Administration Services	985,538	997,602	967,219	1,903,353	1,939,439	1,565,177	1,621,108	1,686,900	1,759,543	1,691,489
School Administration Services	2,810,914	3,154,101	3,311,209	3,795,506	3,672,535	3,702,636	3,724,617	3,633,615	3,374,884	3,087,288
Central Services	1,226,266	1,274,972	1,141,510	1,455,283	1,286,315	1,400,474	1,668,513	1,474,512	1,651,873	1,653,533
Administrative Information Technology	545,629	707,388	698,091	964,766	879,762	880,448	932,828	633,713	701,670	531,510
Plant Operations and Maintenance	6,012,276	5,182,146	5,392,773	5,627,322	5,763,813	5,730,133	6,225,422	6,592,113	6,777,563	6,311,555
Pupil Transportation	4,567,508	4,760,225	4,963,127	5,327,176	5,789,216	5,685,945	5,729,894	5,620,683	5,919,918	7,013,809
Special Schools	467,116	555,695	640,370	621,651	612,908	440,003	406,686	422,391	417,481	369,727
Interest on Long-term Debt	1,148,334	1,096,240	1,086,027	1,021,722	969,472	994,303	850,382	536,947	342,379	268,305
Unallocated Depreciation	2,350,839	2,355,536	2,352,091	2,828,487	2,596,576	2,567,551	2,567,551	2,567,551	2,567,551	2,567,551
Total Governmental Activities Expenses	68,984,687	75,453,811	78,991,916	90,611,680	92,054,579	86,249,854	84,924,915	86,699,037	86,084,177	85,392,353
Business-type Activities:										
Food Service	841,724	1,039,193	1,220,669	1,322,694	1,420,996	1,516,447	1,205,732	339,038	1,927,214	1,748,397
Academy for Technology	1,137,372	1,137,373	1,137,372	1,137,372	1,137,372	1,579,040	2,012,172	2,578,650	2,746,368	2,800,153
Adult Continuing Education	130,007	160,274	83,718	62,568	35,708					
Shared Services	1,164,571	1,271,496	1,249,402	1,326,921	1,275,740	1,294,678	1,331,185	1,357,321	1,155,800	1,130,005
Total Business-type Activities Expenses	3,273,674	3,608,336	3,691,161	3,849,555	3,869,816	4,390,165	4,549,089	4,275,009	5,829,382	5,678,555
Total District-wide Expenses	\$ 72,258,361	\$ 79,062,147	\$ 82,683,077	\$ 94,461,235	\$ 95,924,395	\$ 90,640,019	\$ 89,474,004	\$ 90,974,046	\$ 91,913,559	\$ 91,070,908

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

	Fiscal Year Ended June 30,																			
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023										
Program Revenues:																				
Governmental Activities:																				
Charges for Services:																				
Student & Instruction Related Services								\$	126,809	\$	304,759	\$	436,327							
Operating Grants and Contributions	\$	8,499,818	\$	15,142,605	\$	18,030,698	\$	23,883,730	\$	25,856,392	\$	21,125,790	\$	19,003,504	\$	21,487,429	\$	20,412,519	\$	17,431,542
Capital Grants and Contributions		11,321		1,257,269		688,691		19,549,444		545,940										
Total Governmental Activities Program Revenues	8,499,818	15,153,926	18,030,698	23,883,730	27,113,661	21,814,481	19,549,444	21,614,238	20,717,278	17,867,869										
Business-type Activities:																				
Charges for Services:																				
Food Service	736,931	925,308	1,023,150	1,088,301	1,172,675	1,229,992	925,615	58,805	194,287	1,139,467										
Academy for Technology	1,117,800	1,117,800	1,117,800	1,117,800	1,117,800	1,559,467	1,992,600	2,559,078	2,726,796	2,780,581										
Adult Continuing Education	130,007	160,244	83,577	62,568	35,708															
Shared Services	1,164,571	1,271,496	1,249,402	1,326,921	1,275,740	1,294,678	1,331,185	1,357,321	1,155,800	1,130,005										
Operating Grants and Contributions	196,639	230,898	287,571	301,752	338,150	364,721	313,508	224,865	1,951,925	740,665										
Total Business-type Activities Revenues	3,345,948	3,705,746	3,761,500	3,897,342	3,940,073	4,448,858	4,562,908	4,200,069	6,028,808	5,790,718										
Total District-wide Program Revenues	\$ 11,845,766	\$ 18,859,672	\$ 21,792,198	\$ 27,781,072	\$ 31,053,734	\$ 26,263,339	\$ 24,112,352	\$ 25,814,307	\$ 26,746,086	\$ 23,658,587										
Net (Expense)/Revenue:																				
Governmental Activities:																				
Business-type Activities	\$ (60,484,869)	\$ (60,299,885)	\$ (60,961,218)	\$ (66,727,950)	\$ (64,940,918)	\$ (64,435,373)	\$ (65,375,471)	\$ (65,084,799)	\$ (65,366,899)	\$ (67,524,484)										
Total District-wide Net (Expense)/Revenue	72,274	97,410	70,339	47,787	70,257	58,693	13,819	(74,940)	199,426	112,163										
	\$ (60,412,595)	\$ (60,202,475)	\$ (60,890,879)	\$ (66,680,163)	\$ (64,870,661)	\$ (64,376,680)	\$ (65,361,652)	\$ (65,159,739)	\$ (65,167,473)	\$ (67,412,321)										

MORRIS HILLS REGIONAL SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 51,660,747	\$ 53,092,975	\$ 54,322,759	\$ 55,409,214	\$ 56,906,279	\$ 58,778,040	\$ 60,284,540	\$ 61,490,231	\$ 62,720,036	\$ 63,974,437
Taxes Levied for Debt Service	2,705,950	2,708,335	2,615,000	2,616,550	2,583,270	2,577,170	2,581,086	2,584,150	2,430,894	2,282,642
Unrestricted Grants and Contributions	5,280,609	5,300,269	5,531,590	5,556,684	5,625,623	5,727,264	5,634,440	5,630,164	5,648,430	5,871,956
Tuition	86,449	135,152	212,230	254,217	347,997	298,046	295,742	292,636	303,121	215,451
Investment Earnings	8,371	7,690	5,957	46,701	97,459	192,558	196,755	16,424	22,633	175,127
Miscellaneous Income	174,571	193,693	212,112	335,003	386,071	249,877	137,926	231,218	203,153	267,503
Premium on ESIP Bonds										
Transfers					16,097					
Total Governmental Activities General Revenues and Other Changes	59,916,697	61,438,114	62,899,648	64,218,369	65,962,796	68,750,132	69,130,489	70,244,823	71,328,267	72,787,116
Business-type Activities:										
Transfers				(16,097)						
Total Business-type Activities General Revenues and Other Changes	- 0 -	- 0 -	- 0 -	- 0 -	(16,097)	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Total District-wide General Revenues and Other Changes in Net Position	\$ 59,916,697	\$ 61,438,114	\$ 62,899,648	\$ 64,218,369	\$ 65,946,699	\$ 68,750,132	\$ 69,130,489	\$ 70,244,823	\$ 71,328,267	\$ 72,787,116
Change in Net Position:										
Governmental Activities	\$ (568,172)	\$ 1,138,229	\$ 1,938,430	\$ (2,509,581)	\$ 1,021,878	\$ 4,314,759	\$ 3,755,018	\$ 5,160,024	\$ 5,961,368	\$ 5,262,632
Business-type Activities	72,274	97,410	70,339	47,787	54,160	58,693	13,819	(74,940)	199,426	112,163
Total District-wide Change in Net Position	\$ (495,898)	\$ 1,235,639	\$ 2,008,769	\$ (2,461,794)	\$ 1,076,038	\$ 4,373,452	\$ 3,768,837	\$ 5,085,084	\$ 6,160,794	\$ 5,374,795

Source: Morris Hills Regional School District Financial Reports.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Restricted	\$ 1,650,400	\$ 2,355,147	\$ 3,572,668	\$ 2,525,719	\$ 4,150,257	\$ 4,303,193	\$ 5,605,600	\$ 5,706,372	\$ 6,494,004	\$ 4,839,181
Assigned	623,000	568,117	623,000	444,966	254,790	523,000	523,000	523,000	533,000	533,000
Unassigned	228,126		68,812			437,916	845,965	1,347,540	1,114,790	509,196
Total General Fund	\$ 2,501,526	\$ 2,923,264	\$ 4,264,480	\$ 2,970,685	\$ 4,405,047	\$ 5,264,109	\$ 6,974,565	\$ 7,576,912	\$ 8,141,794	\$ 5,881,377
All Other Governmental Funds:										
Restricted	\$ 1,671	\$ 1,256	\$ 1,000	\$ 51,919	\$ 47,752	\$ 56,845	\$ 743,274	\$ 805,333	\$ 825,974	\$ 815,482
Committed	1,188,155	1,274,481	4,234,025	3,719,471	1,369,461	9,553,741	2,545,079	2,565,029	2,749,462	3,572,017
Total All Other Governmental Funds	\$ 1,189,826	\$ 1,275,737	\$ 4,235,025	\$ 3,771,390	\$ 1,417,213	\$ 9,610,586	\$ 3,288,353	\$ 3,370,362	\$ 3,575,436	\$ 4,387,499
Total Governmental Funds	\$ 3,691,352	\$ 4,199,001	\$ 8,499,505	\$ 6,742,075	\$ 5,822,260	\$ 14,874,695	\$ 10,262,918	\$ 10,947,274	\$ 11,717,230	\$ 10,268,876

Source: Morris Hills Regional School District Financial Reports.

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

UNAUDITED

(Modified Accrual Basis of Accounting)

	For the Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Tax Levy	\$ 54,366,697	\$ 55,801,310	\$ 56,937,759	\$ 58,025,764	\$ 59,489,549	\$ 61,355,210	\$ 62,865,626	\$ 64,074,381	\$ 65,150,930	\$ 66,257,079
Tuition Charges	86,449	135,152	212,230	254,217	347,997	298,046	295,742	292,636	303,121	215,451
Interest Earnings	8,371	7,690	5,957	46,701	70,175	89,350	196,755	16,424	22,633	175,127
Miscellaneous	174,571	193,693	215,447	337,372	420,823	359,750	138,507	358,274	507,912	705,477
State Sources	13,009,516	13,725,833	15,035,062	16,028,899	18,368,764	19,454,924	19,950,038	22,680,970	26,558,864	27,386,237
Federal Sources	770,911	731,241	740,680	714,654	800,627	872,774	1,020,501	1,093,429	1,930,369	2,240,772
Total Revenues	68,416,515	70,594,919	73,147,135	75,407,607	79,497,935	82,430,054	84,467,169	88,516,114	94,473,829	96,980,143
Expenditures:										
Instruction:										
Regular Instruction	19,333,645	19,859,438	20,237,201	20,888,477	20,941,724	21,056,137	20,968,236	20,884,379	22,184,374	22,894,796
Special Education Instruction	3,434,926	3,578,399	3,521,797	3,660,412	3,896,610	4,086,114	4,403,173	4,272,528	4,175,132	4,478,784
Other Special Instruction	661,696	681,272	635,628	688,042	652,979	227,914	259,913	265,145	281,306	372,897
School-Sponsored Other Instruction	2,864,392	2,902,401	2,952,714	2,959,200	2,954,029	2,992,243	2,962,520	2,987,518	3,203,178	3,165,939
Support Services:										
Tuition	5,502,348	5,155,195	4,996,386	5,492,215	5,654,973	4,916,322	4,996,804	5,721,003	5,181,076	5,224,934
Student & Instruction Related Services	6,206,811	6,484,947	6,615,897	6,894,417	6,965,098	7,026,974	7,500,963	8,153,719	9,539,897	10,236,492
General Administration Services	954,239	864,209	852,100	881,745	916,578	979,601	1,005,994	1,113,523	1,202,523	1,194,333
School Administration Services	2,122,877	1,976,936	2,010,456	2,009,009	1,959,709	2,123,440	2,137,189	2,115,267	2,201,192	2,098,507
Central Services	960,082	993,118	935,556	1,198,841	1,070,358	1,149,641	1,242,467	1,174,996	1,344,919	1,312,772
Administrative Information Technology	450,595	489,631	527,339	782,055	649,318	688,519	702,199	497,731	593,111	442,118
Plant Operations and Maintenance	4,087,590	4,034,861	3,935,050	4,114,079	4,416,871	4,331,662	4,598,803	5,229,779	5,559,364	5,163,753
Pupil Transportation	3,410,958	3,671,722	3,688,678	3,906,715	4,618,275	4,511,805	4,213,615	4,125,447	4,562,385	5,610,055
Allocated Benefits	8,786,311	8,432,827	8,573,967	8,665,749	9,089,461	9,952,200	10,506,152	10,649,933	11,605,626	11,927,195
Unallocated Benefits	4,816,508	5,537,742	6,568,849	7,441,450	8,450,041	9,684,696	10,033,368	12,194,229	15,641,024	16,266,530
Capital Outlay	3,540,031	2,290,863	2,015,530	4,557,772	5,178,210	5,860,475	11,523,017	5,676,342	3,639,959	5,277,100
Special Schools	419,423	423,859	463,233	407,309	396,563	308,819	301,069	309,388	332,913	309,650
Debt Service:										
Principal	1,410,000	1,470,000	1,420,000	1,450,000	1,500,000	1,555,000	1,610,000	2,140,000	2,145,000	2,215,000
Interest and Other Charges	1,297,450	1,239,850	1,196,250	1,167,550	1,123,050	1,061,950	1,006,700	581,178	310,894	237,642
Total Expenditures	70,259,883	70,087,270	71,146,631	77,165,037	80,433,847	82,513,512	89,972,182	88,092,105	93,703,873	98,428,497
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,843,368)	507,649	2,000,504	(1,757,430)	(935,912)	(83,458)	(5,505,013)	424,009	769,956	(1,448,354)

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

UNAUDITED

(Modified Accrual Basis of Accounting)

	For the Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other Financing Sources (Uses):										
School Refunding Bonds Issued								\$ 17,615,000		
Payments to Escrow Agent for Bond Refunding			\$ 2,300,000					(17,354,653)		
Financed Purchases Proceeds						\$ 8,230,000				
ESIP Bond Proceeds						927,177				
ESIP Bond Premium										
Transfers In	\$ 2,987,856	\$ 1,153,882	1,479,467	\$ 2,890,598	\$ 3,177,029	4,116,975	\$ 2,405,391	3,486,991	\$ 5,327,883	\$ 6,496,611
Transfers Out	(2,987,856)	(1,153,882)	(1,479,467)	(2,890,598)	(3,160,932)	(4,116,975)	(2,405,391)	(3,486,991)	(5,327,883)	(6,496,611)
Total Other Financing Sources (Uses)	- 0 -	- 0 -	2,300,000	- 0 -	16,097	9,157,177	- 0 -	260,347	- 0 -	- 0 -
Net Change in Fund Balances	\$ (1,843,368)	\$ 507,649	\$ 4,300,504	\$ (1,757,430)	\$ (919,815)	\$ 9,073,719	\$ (5,505,013)	\$ 684,356	\$ 769,956	\$ (1,448,354)
Debt Service as a Percentage of Noncapital Expenditures	4.06%	4.00%	3.75%	3.57%	3.46%	3.39%	3.31%	3.28%	2.72%	2.63%

Source: Morris Hills Regional School District Financial Reports.

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Rentals - Use of</u> <u>Facilities</u>	<u>Other</u>	<u>Total</u>
2014	\$ 8,215	\$ 86,449	\$ 34,968	\$ 139,603	\$ 269,235
2015	6,590	135,152	35,723	157,970	335,435
2016	4,963	212,230	26,683	185,429	429,305
2017	34,562	254,217	28,603	266,620	584,002
2018	61,846	347,997	29,143	356,928	795,914
2019	103,418	298,046	29,267	220,610	651,341
2020	91,290	295,742	16,372	121,554	524,958
2021	7,619	307,836	165	215,853	531,473
2022	9,846	303,121	37,524	165,629	516,120
2023	47,907	215,451	14,968	252,535	530,861

Source: Morris Hills Regional School District records.

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

LAST TEN YEARS
UNAUDITED

DENVILLE TOWNSHIP

Year End Dec.	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax	Estimated Actual (County Equalized Value)
2013	\$ 38,102,700	\$ 1,839,357,500	\$ 4,302,100	\$ 77,200	\$ 298,019,500	\$ 65,894,200	\$ 7,579,600	\$ 2,253,332,800	\$ -	\$ 2,253,332,800	\$ 209,606,600	\$ 0.85	\$ 3,228,291,771
2014	37,165,900	1,836,196,200	4,028,900	81,200	269,428,500	66,056,700	7,579,600	2,220,537,000	-	2,220,537,000	213,597,600	0.88	3,126,969,683
2015	35,800,700	1,841,849,600	4,049,500	81,200	269,647,900	64,280,400	7,579,600	2,223,288,900	-	2,223,288,900	213,333,200	0.91	3,250,387,268
2016*	39,986,400	2,422,594,000	4,869,400	61,200	485,899,900	97,249,100	14,896,000	3,065,556,000	-	3,065,556,000	265,875,000	0.71	3,375,616,140
2017	45,669,600	2,424,023,800	4,869,400	79,900	485,680,300	97,846,100	14,896,000	3,073,065,100	-	3,073,065,100	268,916,600	0.73	3,300,059,059
2018	33,042,500	2,436,447,100	3,923,000	86,800	484,202,300	97,746,100	14,896,000	3,070,343,800	-	3,070,343,800	274,761,800	0.70	3,314,151,624
2019	32,059,100	2,436,447,100	3,923,000	86,800	484,202,300	97,746,100	14,896,000	3,069,360,400	-	3,070,343,800	276,050,700	0.70	3,327,546,997
2020	31,170,900	2,449,740,600	4,379,300	80,700	485,843,100	96,019,300	14,896,000	3,082,129,900	-	3,082,129,900	276,753,200	0.70	3,325,516,358
2021	29,691,800	2,463,935,300	4,058,300	80,400	492,261,800	95,501,300	14,896,000	3,100,424,900	-	3,100,424,900	278,321,400	0.70	3,390,301,916
2022	41,200,800	2,472,746,900	4,058,300	80,400	433,852,200	95,456,100	30,396,000	3,077,790,700	-	3,077,790,700	263,727,800	0.70	3,464,015,112

ROCKAWAY BOROUGH

Year End Dec.	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax	Estimated Actual (County Equalized Value)
2013	\$ 7,157,400	\$ 565,491,935	\$ -	\$ -	\$ 152,570,425	\$ 31,252,600	\$ 22,292,400	\$ 778,764,760	\$ 1,257,313	\$ 780,022,073	\$ 73,992,500	\$ 0.64	\$ 850,980,929
2014	7,097,400	564,385,430	-	-	152,962,525	31,102,600	22,292,400	777,840,355	1,257,313	779,097,668	73,441,600	0.70	866,746,168
2015	7,207,500	564,302,030	-	-	153,387,425	31,102,600	22,292,400	778,291,955	92	778,292,047	72,870,600	0.75	849,680,286
2016	6,698,100	565,692,330	-	-	153,560,925	31,102,600	22,816,100	779,870,055	92	779,870,147	74,113,150	0.76	840,700,393
2017	6,308,400	567,433,330	-	1,700	153,269,525	29,990,700	22,816,100	779,819,755	92	779,819,847	74,125,150	0.79	904,562,353
2018	6,103,200	567,645,730	-	1,700	151,240,275	31,694,400	22,816,100	779,501,405	92	779,501,497	73,208,950	0.86	849,574,967
2019	6,556,300	568,187,700	-	-	151,432,200	36,330,300	22,896,100	785,402,600	92	785,402,692	73,214,900	0.86	821,116,320
2020	5,622,000	568,788,600	-	-	153,073,300	36,726,200	24,315,600	788,525,700	92	788,525,792	71,207,100	0.83	826,842,253
2021	5,622,000	570,027,400	-	-	152,901,300	36,881,200	24,315,600	789,747,500	92	789,747,592	70,650,400	0.85	853,785,051
2022	5,491,500	570,738,500	-	-	153,243,600	36,881,200	25,108,100	791,462,992	92	791,462,992	72,332,800	0.85	867,261,364

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

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

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

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

Source: Municipal Tax Assessors.

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

LAST TEN YEARS
UNAUDITED

ROCKAWAY TOWNSHIP

Year End Dec.	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax	Estimated Actual (County Equalized Value)
2013	\$ 65,419,000	\$ 2,683,763,200	\$ 5,920,500	\$ 202,000	\$ 576,745,300	\$ 209,387,900	\$ 59,954,100	\$ 3,601,392,000	\$ -	\$ 3,601,392,000	\$ 407,837,100	\$ 0.70	\$ 3,935,116,405
2014	65,434,200	2,657,539,800	7,859,700	203,900	570,208,400	207,773,700	59,954,100	3,568,973,800	-	3,568,973,800	408,552,300	0.72	3,801,875,651
2015	60,924,200	2,657,056,500	7,855,000	204,100	564,369,300	206,651,600	58,654,300	3,555,715,000	-	3,555,715,000	409,409,900	0.73	3,829,398,626
2016	58,034,200	2,679,043,700	8,587,100	204,600	568,030,800	206,419,700	58,934,000	3,579,254,100	-	3,579,254,100	409,692,400	0.72	3,846,774,464
2017	55,226,400	2,696,621,000	8,587,100	185,500	568,456,100	205,161,400	58,846,400	3,593,083,900	-	3,593,083,900	413,450,900	0.73	3,969,743,155
2018	51,299,000	2,941,003,400	8,344,600	179,300	644,944,100	232,616,800	78,241,900	3,956,629,100	-	3,956,629,100	461,558,200	0.70	4,233,241,964
2019	46,732,900	3,000,131,300	8,253,800	187,900	662,902,000	245,525,000	123,177,900	4,086,910,800	-	4,086,910,800	514,871,900	0.71	4,212,185,628
2020	45,260,500	3,084,985,700	9,222,700	187,100	668,025,900	252,671,300	141,757,200	4,202,110,400	-	4,202,110,400	396,482,400	0.71	4,524,860,678
2021	44,486,800	3,154,729,900	10,304,500	127,200	666,972,500	258,146,600	160,303,700	4,295,071,200	-	4,295,071,200	399,960,700	0.72	4,548,703,196
2022*	42,732,300	3,359,721,200	11,507,500	136,600	685,902,200	297,179,900	218,335,700	4,615,515,400	-	4,615,515,400	403,871,500	0.68	4,907,786,998

WHARTON BOROUGH

Year End Dec.	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax	Estimated Actual (County Equalized Value)
2013*	\$ 12,816,300	\$ 431,026,500	\$ 571,200	\$ 4,000	\$ 93,914,900	\$ 97,860,000	\$ 21,698,800	\$ 657,891,700	\$ -	\$ 657,891,700	\$ 67,532,300	\$ 0.69	\$ 723,873,433
2014	12,324,900	422,510,400	566,600	4,000	93,341,300	97,616,100	21,819,500	648,182,800	-	648,182,800	67,252,000	0.70	701,205,616
2015	11,789,600	427,569,800	576,400	4,000	92,610,400	97,716,600	21,914,000	652,180,800	-	652,180,800	96,632,800	0.65	673,503,608
2016	12,991,500	431,891,600	581,100	4,000	92,517,600	96,320,200	22,465,700	656,771,700	-	656,771,700	97,154,200	0.61	663,528,365
2017	12,993,400	434,199,800	581,100	4,000	92,741,300	98,448,800	22,649,900	661,618,300	-	661,618,300	101,972,200	0.63	668,396,422
2018	12,873,400	446,757,300	598,200	4,000	93,118,800	105,321,100	22,772,700	681,445,500	-	681,445,500	102,182,300	0.62	675,041,790
2019	13,857,600	460,137,300	612,300	4,000	94,940,200	105,912,700	23,065,000	698,529,100	-	698,529,100	102,579,700	0.69	716,029,500
2020	15,400,200	478,323,300	628,700	4,000	98,332,800	111,845,100	23,475,200	728,009,300	-	728,009,300	110,236,300	0.76	747,194,562
2021	14,406,400	498,177,500	655,100	4,000	100,490,100	115,222,600	26,040,200	754,995,900	-	754,995,900	109,439,100	0.77	763,011,808
2022	17,090,900	526,093,300	339,500	3,100	102,671,000	119,543,000	28,343,900	794,084,700	-	794,084,700	107,614,600	0.74	809,127,099

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

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

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

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

Source: Municipal Tax Assessors.

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

(Rate per \$100 of Assessed Value)

DENVILLE TOWNSHIP

Year Ended Dec. 31,	Morris Hills Regional School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Rate	Denville Township	Denville Township Public Schools	Morris County	
2013	\$ 0.81	\$ 0.04	\$ 0.85	\$ 0.58	\$ 1.18	\$ 0.36	\$ 2.97
2014	0.84	0.04	0.88	0.62	1.20	0.36	3.06
2015	0.87	0.04	0.91	0.63	1.22	0.36	3.12
2016	* 0.68	* 0.03	* 0.71	* 0.48	* 0.92	* 0.28	* 2.39
2017	0.70	0.03	0.73	0.48	0.95	0.28	2.44
2018	0.67	0.03	0.70	0.49	0.99	0.28	2.46
2019	0.67	0.03	0.70	0.50	1.01	0.28	2.49
2020	0.67	0.03	0.70	0.50	1.03	0.28	2.51
2021	0.67	0.03	0.70	0.51	1.05	0.28	2.54
2022	0.67	0.03	0.70	0.52	1.06	0.29	2.57

ROCKAWAY BOROUGH

Year Ended Dec. 31,	Morris Hills Regional School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Rate	Rockaway Borough	Rockaway Borough Public Schools	Morris County	
2013	\$ 0.61	\$ 0.03	\$ 0.64	\$ 0.72	\$ 0.93	\$ 0.28	\$ 2.57
2014	0.67	0.03	0.70	0.76	0.95	0.29	2.70
2015	0.70	0.05	0.75	0.79	0.75	0.28	2.57
2016	0.73	0.03	0.76	0.81	1.00	0.28	2.85
2017	0.75	0.04	0.79	0.82	1.03	0.30	2.94
2018	0.82	0.04	0.86	0.85	1.06	0.28	3.05
2019	0.83	0.03	0.86	0.87	1.09	0.27	3.09
2020	0.80	0.03	0.83	0.89	1.16	0.27	3.15
2021	0.82	0.03	0.85	0.90	1.17	0.28	3.20
2022	0.82	0.03	0.85	0.91	1.19	0.28	3.23

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

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

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

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

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

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

UNAUDITED
(Rate per \$100 of Assessed Value)

ROCKAWAY TOWNSHIP

Year Ended Dec. 31,	Morris Hills Regional School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Rate	Rockaway Township	Rockaway Township Public Schools	Morris County	
2013	\$ 0.66	\$ 0.04	\$ 0.70	\$ 0.80	\$ 1.15	\$ 0.27	\$ 2.92
2014	0.68	0.04	0.72	0.84	1.17	0.27	3.00
2015	0.69	0.04	0.73	0.86	1.20	0.27	3.06
2016	0.69	0.03	0.72	0.87	1.22	0.27	3.08
2017	0.70	0.03	0.73	0.87	1.23	0.29	3.12
2018	0.67	0.03	0.70	0.77	1.15	0.28	2.90
2019	0.68	0.03	0.71	0.74	1.13	0.27	2.85
2020	0.68	0.03	0.71	0.73	1.12	0.28	2.84
2021	0.69	0.03	0.72	0.73	1.12	0.27	2.84
2022	* 0.65 *	0.03 *	0.68 *	0.71 *	1.06 *	0.27 *	2.72 *

WHARTON BOROUGH

Year Ended Dec. 31,	Morris Hills Regional School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Rate	Wharton Borough	Wharton Borough Public Schools	Morris County	
2013	* \$ 0.66 *	\$ 0.03 *	\$ 0.69 *	\$ 0.72 *	\$ 1.28 *	\$ 0.28 *	\$ 2.97 *
2014	0.67	0.03	0.70	0.75	1.33	0.28	3.06
2015	0.62	0.03	0.65	0.76	1.35	0.26	3.02
2016	0.58	0.03	0.61	0.78	1.36	0.26	3.01
2017	0.60	0.03	0.63	0.79	1.38	0.26	3.06
2018	0.59	0.03	0.62	0.78	1.36	0.26	3.02
2019	0.66	0.03	0.69	0.77	1.35	0.27	3.08
2020	0.73	0.03	0.76	0.76	1.32	0.27	3.11
2021	0.74	0.03	0.77	0.73	1.29	0.26	3.05
2022	0.71	0.03	0.74	0.74	1.25	0.26	2.99

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

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

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

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

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

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

DENVILLE TOWNSHIP

Taxpayer	2023		Taxpayer	2014	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Denville Union Hill LLC	\$ 33,896,000	1.10%	St. Francis Life Care Corporation	\$ 47,650,000	2.11%
Springpoint at Denville, Inc.	31,194,100	1.01%	Shoppes at Union Hill LLC	21,966,000	0.97%
MPT of Morris LLC	27,335,000	0.89%	Tamara Enterprises	12,112,200	0.54%
Tamara Enterprises	18,345,000	0.60%	Rockaway River Country Club	8,767,600	0.39%
Denville Commons LLC	16,300,000	0.53%	Individual Tax Payer #1	6,737,000	0.30%
EV Equities I LLC	15,500,000	0.50%	Denville Station, LLC	5,100,000	0.23%
Springpoint Realty, Inc.	13,726,800	0.45%	Denville West Main, LLC	4,900,000	0.22%
TEJ Denville Hospitality LLC	10,710,000	0.35%	Grecco Realty LLC	4,844,100	0.21%
Rockaway River Country Club	10,027,200	0.33%	WP Properties, LLC	4,790,000	0.21%
Pinfield Manor LLC	9,758,000	0.32%	Morris Ave Denville S S, LLC	4,640,300	0.21%
Total	\$ 186,792,100	6.08%	Total	\$ 121,507,200	5.39%

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

ROCKAWAY BOROUGH

Taxpayer	2023		Taxpayer	2014	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Rockaway Commons, LLC	\$ 12,500,000	1.58%	Rockaway Commons, LLC	\$ 13,026,250	1.67%
Conn. Storage Dept. PT NJ	6,704,000	0.85%	Mc Williams Development Corp.	10,319,500	1.32%
Highway Enterprises, Inc.	5,700,000	0.72%	Highway Enterprises, Inc.	7,756,600	0.99%
HS Gardens, LLC	4,983,000	0.63%	HS Gardens, LLC	6,625,000	0.85%
WithInvestors Rockaway, LLC	4,640,000	0.59%	Individual Tax Payer #1	4,832,325	0.62%
KTB Realty, LLC	4,639,900	0.59%	Gustav Hollenstein, Inc.	4,249,700	0.54%
E & W Realty Associates, LLC	4,450,500	0.56%	Moretranch Corporation	4,042,400	0.52%
McWilliams Forge Company	4,260,500	0.54%	Wespas Associates	3,100,000	0.40%
Moretranch Corporation	4,197,400	0.53%	Kop-Coat Inc.	2,976,800	0.38%
385 Franklin Ave LLC	4,045,200	0.51%	Won and Kyong	2,154,800	0.28%
Total	\$ 56,120,500	7.10%	Total	\$ 59,083,375	7.57%

Source: Municipal Tax Assessors.

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

ROCKAWAY TOWNSHIP

Taxpayer	2023		Taxpayer	2014	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Rockaway Center Associates, Inc	\$210,235,200	4.55%	Rockaway Center Associates, Inc	\$199,045,400	5.53%
Tilcon	76,179,000	1.65%	Mt. Hope Rock Products & Hydro	53,403,200	1.48%
WPG Rockaway Commons LLC	68,896,200	1.49%	Marvin F. Poer and Compnay	30,121,400	0.84%
Pondview Estates	58,197,800	1.26%	MarketPlace at Rockaway, LLC	30,073,500	0.84%
Rustic Ridge, Inc.	38,153,400	0.83%	Dover VF C/O Vornado Realty Trus	27,552,700	0.77%
Marketplace at Rockaway, LLC	36,127,800	0.78%	Rustie Ridge, Inc	26,099,800	0.72%
Dover UE, LLC	30,200,000	0.65%	Macy's East, Inc./Federated Dept St	25,346,900	0.70%
100 Commons Way LLC c/o Ganne	27,450,000	0.59%	Bergen Record	24,991,500	0.69%
Macy's	26,520,000	0.57%	Target Corporation	19,445,300	0.54%
Target Corporation	21,969,400	0.48%	Highlands at Morris	19,228,200	0.53%
Total	\$593,928,800	12.85%	Total	\$455,307,900	12.64%

Note: A reassessment/revaluation was effective in 2022 in Rockaway Township.

WHARTON BOROUGH

Taxpayer	2023		Taxpayer	2014	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Wharton Investors III LP	\$ 89,632,400	11.29%	TA Wharton, LLC	\$ 51,500,000	7.83%
Glass Paramus	20,162,600	2.54%	The Realty Associates Fund VIII LP	26,500,000	4.03%
Costco Wholesale Club	19,000,000	2.39%	Glass Paramus	18,500,000	2.81%
C.C.K.K. LLC (Wharton Industrial)	17,000,000	2.14%	Costco Wholesale Club	17,000,000	2.58%
Bayview Gardens LLC	8,900,000	1.12%	C.C.K.K. LLC (Wharton Industrial)	11,099,500	1.69%
Wharton Mall Associates, LLC	7,300,000	0.92%	Bayview Gardens LLC	8,300,000	1.26%
National Retail Properties LP	6,200,000	0.78%	Wharton Mall Associates, LLC	7,200,000	1.09%
Brentwood Associates, Inc.	6,100,000	0.77%	Brentwood Associates, Inc.	5,700,000	0.87%
Wharton Apartment Associates, LP	4,460,000	0.56%	Wharton Apartment Associates, LP	3,650,000	0.55%
13 Broad, LLC	4,291,000	0.54%	Waltann Greenbrook, LLC	3,612,700	0.55%
Total	\$183,046,000	23.05%	Total	\$153,062,200	23.26%

Source: Municipal Tax Assessors.

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

DENVILLE TOWNSHIP

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 19,595,027	\$ 19,595,027	100.00%	\$ - 0 -
2015	19,528,633	19,528,633	100.00%	- 0 -
2016	20,753,444	20,753,444	100.00%	- 0 -
2017	22,799,243	22,799,243	100.00%	- 0 -
2018	21,918,982	21,918,982	100.00%	- 0 -
2019	21,342,735	21,342,735	100.00%	- 0 -
2020	21,729,610	21,729,610	100.00%	- 0 -
2021	21,313,959	21,313,959	100.00%	- 0 -
2022	21,721,419	21,721,419	100.00%	- 0 -
2023	21,671,718	21,671,718	100.00%	- 0 -

ROCKAWAY BOROUGH

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 4,909,080	\$ 4,909,080	100.00%	\$ - 0 -
2015	5,914,924	5,914,924	100.00%	- 0 -
2016	5,843,123	5,843,123	100.00%	- 0 -
2017	5,967,952	5,967,952	100.00%	- 0 -
2018	6,335,178	6,335,178	100.00%	- 0 -
2019	7,089,482	7,089,482	100.00%	- 0 -
2020	6,432,500	6,432,500	100.00%	- 0 -
2021	6,643,191	6,643,191	100.00%	- 0 -
2022	6,702,645	6,702,645	100.00%	- 0 -
2023	6,713,599	6,713,599	100.00%	- 0 -

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

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

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

ROCKAWAY TOWNSHIP

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 25,323,458	\$ 25,323,458	100.00%	\$ - 0 -
2015	25,871,039	25,871,039	100.00%	- 0 -
2016	26,324,330	26,324,330	100.00%	- 0 -
2017	25,225,962	25,225,962	100.00%	- 0 -
2018	26,978,245	26,978,245	100.00%	- 0 -
2019	28,700,860	28,700,860	100.00%	- 0 -
2020	29,318,281	29,318,281	100.00%	- 0 -
2021	30,421,537	30,421,537	100.00%	- 0 -
2022	30,886,498	30,886,498	100.00%	- 0 -
2023	32,031,438	32,031,438	100.00%	- 0 -

WHARTON BOROUGH

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 4,539,132	\$ 4,539,132	100.00%	\$ - 0 -
2015	4,486,714	4,486,714	100.00%	- 0 -
2016	4,016,862	4,016,862	100.00%	- 0 -
2017	4,032,607	4,032,607	100.00%	- 0 -
2018	4,257,144	4,257,144	100.00%	- 0 -
2019	4,222,133	4,222,133	100.00%	- 0 -
2020	5,385,235	5,385,235	100.00%	- 0 -
2021	5,695,694	5,695,694	100.00%	- 0 -
2022	5,840,368	5,840,368	100.00%	- 0 -
2023	5,840,324	5,840,324	100.00%	- 0 -

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

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

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

Fiscal Year Ended June 30,	Governmental Activities							Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Energy Savings Improvement Bonds	Unamortized Bond Issuance Premiums	Financed Purchases	Bond Anticipation Notes (BANs)	Financed Purchases	Financed Purchases					
2014	\$ 29,700,000	\$ - 0 -	\$ 4,571,728	\$ 567,861	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 34,839,589	0.79%	\$ 642.71		
2015	28,230,000	- 0 -	4,285,995	288,553	- 0 -	- 0 -	- 0 -	32,804,548	0.72%	607.44		
2016	26,810,000	- 0 -	4,000,262	2,300,000	- 0 -	- 0 -	- 0 -	33,110,262	0.69%	613.07		
2017	25,360,000	- 0 -	3,714,529	1,852,618	- 0 -	- 0 -	- 0 -	30,927,147	0.63%	574.46		
2018	23,860,000	- 0 -	3,428,796	1,401,027	- 0 -	- 0 -	- 0 -	28,689,823	0.56%	523.14		
2019	22,305,000	8,230,000	3,143,063	941,813	- 0 -	- 0 -	- 0 -	34,619,876	0.65%	628.98		
2020	20,695,000	8,230,000	2,857,330	474,848	- 0 -	- 0 -	- 0 -	32,257,178	0.59%	587.17		
2021	20,695,000	7,970,000	2,571,597	- 0 -	- 0 -	- 0 -	- 0 -	31,236,597	0.55%	566.67		
2022	18,550,000	7,545,000	2,285,864	- 0 -	- 0 -	- 0 -	- 0 -	28,380,864	0.46%	499.71		
2023	16,335,000	7,075,000	2,000,131	- 0 -	- 0 -	- 0 -	- 0 -	25,410,131	0.41%	445.79		

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

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

Source: Morris Hills Regional School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding				Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation and Energy Savings Improvement Bonds	Unamortized Bond Issuance Premiums		Deductions			
2014	\$ 29,700,000	\$ 4,571,728	\$	- 0 -	\$ 34,271,728	0.470%	\$ 632.24
2015	28,230,000	4,285,995		- 0 -	32,515,995	0.451%	602.09
2016	26,810,000	4,000,262		- 0 -	30,810,262	0.427%	570.49
2017	25,360,000	3,714,529		- 0 -	29,074,529	0.360%	540.05
2018	23,860,000	3,428,796		- 0 -	27,288,796	0.337%	497.59
2019	30,535,000	3,143,063		- 0 -	33,678,063	0.397%	611.87
2020	28,925,000	2,857,330		- 0 -	31,782,330	0.368%	578.52
2021	28,665,000	2,571,597		- 0 -	31,236,597	0.355%	566.67
2022	26,095,000	2,285,864		- 0 -	28,380,864	0.317%	499.71
2023	23,410,000	2,000,131		- 0 -	25,410,131	0.274%	445.79

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

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

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

Source: Morris Hills Regional School District Financial Reports.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2022
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Denville Township	\$ 13,583,300	100.00%	\$ 13,583,300
Rockaway Borough	5,218,227	100.00%	5,218,227
Rockaway Township	20,714,301	100.00%	20,714,301
Wharton Borough	- 0 -	100.00%	- 0 -
Morris County General Obligation Debt - (all constituent municipalities)	253,387,954	9.95%	<u>25,205,745</u>
Subtotal, Overlapping Debt			64,721,573
Morris Hills Regional School District Direct Debt			<u>23,410,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 88,131,573</u></u>

a - For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

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

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

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

	Fiscal Year Ended June 30,				
	2014	2015	2016	2017	2018
Debt Limit	\$ 264,457,335	\$ 258,597,096	\$ 257,846,475	\$ 260,277,774	\$ 264,572,537
Total Net Debt Applicable to Limit	29,700,000	28,230,000	26,810,000	25,360,000	23,860,000
Legal Debt Margin	<u>\$ 234,757,335</u>	<u>\$ 230,367,096</u>	<u>\$ 231,036,475</u>	<u>\$ 234,917,774</u>	<u>\$ 240,712,537</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.23%	10.92%	10.40%	9.74%	9.02%

	Fiscal Year Ended June 30,				
	2019	2020	2021	2022	2023
Debt Limit	\$ 267,800,874	\$ 273,270,894	\$ 277,746,017	\$ 287,595,983	\$ 301,774,206
Total Net Debt Applicable to Limit	30,535,000	28,925,000	28,665,000	26,095,000	23,410,000
Legal Debt Margin	<u>\$ 237,265,874</u>	<u>\$ 244,345,894</u>	<u>\$ 249,081,017</u>	<u>\$ 278,364,206</u>	<u>\$ 278,364,206</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.40%	10.58%	10.32%	9.07%	7.76%

Legal Debt Margin Calculation for Fiscal Year 2023					
Year Ended December 31,	Denville Township	Rockaway Borough	Rockaway Township	Wharton Borough	Equalized Valuation Basis
2020	\$ 3,348,685,246	\$ 846,420,889	\$ 4,504,352,449	\$ 758,343,021	\$ 9,457,801,605
2021	3,479,713,692	859,261,778	4,825,922,697	803,785,691	9,968,683,858
2022	3,753,403,293	909,832,050	5,202,925,713	884,774,039	10,750,935,095
	<u>\$ 10,581,802,231</u>	<u>\$ 2,615,514,717</u>	<u>\$ 14,533,200,859</u>	<u>\$ 2,446,902,751</u>	<u>\$ 30,177,420,558</u>
	Average Equalized Valuation of Taxable Property				<u>\$ 10,059,140,186</u>
	Debt Limit ^a (3% of Average Equalization Value)				\$ 301,774,206
	Net Bonded School Debt at June 30, 2023				<u>23,410,000</u>
	Legal Debt Margin				<u>\$ 278,364,206</u>

a - Limit set by NJSA 18A:24-19 for a regional high school district; other % limits would be applicable for other districts.

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

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

DENVILLE TOWNSHIP

Fiscal Year	Population ^a	Morris County Per Capita Personal		Unemployment Rate ^d
		Income ^b	Personal Income ^c	
2013	16,755	\$ 81,026	\$ 1,357,590,630	7.40%
2014	16,685	84,287	1,406,328,595	4.90%
2015	16,641	88,298	1,469,367,018	4.10%
2016	16,579	91,252	1,512,866,908	3.80%
2017	16,746	93,544	1,566,487,824	3.70%
2018	16,630	97,244	1,617,167,720	3.30%
2019	16,435	99,140	1,629,365,900	2.50%
2020	16,362	102,227	1,672,638,174	7.90%
2021	17,100	107,767	1,842,815,700	4.70%
2022	17,127	107,767 *	1,845,725,409	3.00%

ROCKAWAY BOROUGH

Fiscal Year	Population ^a	Morris County Per Capita Personal		Unemployment Rate ^d
		Income ^b	Personal Income ^c	
2013	6,460	\$ 81,026	\$ 523,427,960	7.40%
2014	6,432	84,287	542,133,984	4.80%
2015	6,425	88,298	567,314,650	4.20%
2016	6,431	91,252	586,841,612	4.10%
2017	6,413	93,544	599,897,672	3.50%
2018	6,356	97,244	618,082,864	3.10%
2019	6,272	99,140	621,806,080	2.70%
2020	6,244	102,227	638,305,388	8.40%
2021	6,587	107,767	709,861,229	5.10%
2022	6,592	107,767 *	710,400,064	3.10%

* - Latest Morris County per capita personal income available (2021) was used for calculation purposes.

Source:

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

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

ROCKAWAY TOWNSHIP

Fiscal Year	Population ^a	Morris County Per Capita Personal		Unemployment Rate ^d
		Income ^b	Personal Income ^c	
2013	24,432	\$ 81,026	\$ 1,979,627,232	6.10%
2014	24,347	84,287	2,052,135,589	5.00%
2015	24,401	88,298	2,154,559,498	4.20%
2016	24,311	91,252	2,218,427,372	4.00%
2017	25,188	93,544	2,356,186,272	3.60%
2018	25,613	97,244	2,490,710,572	3.20%
2019	25,866	99,140	2,564,355,240	2.60%
2020	26,054	102,227	2,663,422,258	7.60%
2021	25,869	107,767	2,787,824,523	4.70%
2022	26,036	107,767 *	2,805,821,612	2.80%

WHARTON BOROUGH

Fiscal Year	Population ^a	Morris County Per Capita Personal		Unemployment Rate ^d
		Income ^b	Personal Income ^c	
2013	6,560	\$ 81,026	\$ 531,530,560	8.40%
2014	6,541	84,287	551,321,267	6.00%
2015	6,540	88,298	577,468,920	5.00%
2016	6,516	91,252	594,598,032	5.20%
2017	6,495	93,544	607,568,280	4.60%
2018	6,442	97,244	626,445,848	4.20%
2019	6,364	99,140	630,926,960	4.20%
2020	6,463	102,227	660,693,101	11.00%
2021	7,239	107,767	780,125,313	7.20%
2022	7,245	107,767 *	780,771,915	4.30%

* - Latest Morris County per capita personal income available (2021) was used for calculation purposes.

Source:

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

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

		2023		2014	
Employer	Number of Employees	Percentage of Total Employment	Employer	Number of Employees	Percentage of Total Employment
Atlantic Health System	10,552	4.05%	Novartis	6,200	2.41%
Novartis	6,500	2.49%	U.S Army Aramament R&D	5,841	2.27%
Picantinnny Arsenal	6,000	2.30%	Atlantic Health System	5,576	2.17%
Barclays	3,374	1.29%	ADP	1,947	0.76%
Bayer Healthcare, LLC	2,713	1.04%	County of Morris	1,838	0.72%
ADP	2,400	0.92%	Wyndham Worldwide Corporation	1,546	0.60%
Accenture	2,344	0.90%	BASF Corporation	1,500	0.58%
Pricewaterhouse Coopers	2,095	0.80%	Accenture	1,498	0.58%
Cigna	1,686	0.65%	Chilton Memorial	1,440	0.56%
Deloitte & Touche	1,646	0.63%	Deloitte & Touche	1,336	0.52%
	<u>39,310</u>	<u>15.09%</u>		<u>28,722</u>	<u>11.17%</u>
Total Employment *	<u>260,558</u>		Total Employment *	<u>257,024</u>	

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

Source: Morris County Chamber of Commerce.

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

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction:										
Regular	239.0	240.0	247.0	257.0	260.0	265.0	267.0	270.0	271.0	249.1
Special Education	32.0	34.0	37.0	39.0	39.0	41.0	42.0	36.0	36.0	34.0
Other Special Instruction	14.0	14.0	14.0	12.0	12.0	18.0	18.0	12.0	12.0	12.0
Adult/Continuing Education Programs	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0
Support Services:										
Student & Instruction Related Services	72.0	72.0	72.0	77.0	77.0	78.0	78.0	73.0	73.0	73.0
General Administration Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administration Services	22.0	22.0	22.0	23.0	23.0	25.0	25.0	24.0	24.0	24.0
Plant Operations and Maintenance	48.0	48.0	48.0	48.0	48.0	48.0	48.0	49.0	49.0	54.0
Pupil Transportation	59.5	59.5	59.5	59.0	59.0	60.0	60.0	66.5	66.5	65.0
Business and Other Support Services	9.5	9.5	7.5	9.0	8.0	8.0	9.0	9.0	9.0	9.0
Total	500.0	503.0	511.0	528.0	530.0	546.0	550.0	542.5	543.5	523.1

Source: Morris Hills Regional School District Personnel Records.

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

Fiscal Year	October 15 Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percent Change	Teaching Staff ^b	Pupil/Teacher Ratio			June 30		% Change in Average Daily Enrollment	Student Attendance Percentage
						Morris Hills High School	Knolls High School	Morris	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c		
2014	2,890	\$ 64,012,402	\$ 22,150	3.21%	261	10.5:1	10.9:1	10.9:1	2,738.0	2,616.2	0.97%	95.55%
2015	2,856	65,086,557	22,789	2.89%	264	10.5:1	10.9:1	10.9:1	2,777.0	2,645.7	1.42%	95.27%
2016	2,853	66,514,851	23,314	2.30%	275	10.1:1	10.5:1	10.5:1	2,726.0	2,596.0	-1.84%	95.23%
2017	2,869	69,989,715	24,395	4.64%	269	10.1:1	10.3:1	10.3:1	2,764.0	2,623.7	1.39%	94.92%
2018	2,438	72,632,587	29,792	22.12%	271	10.1:1	10.3:1	10.3:1	2,777.5	2,664.6	0.49%	95.94%
2019	2,749	74,036,087	26,932	-9.60%	279	10.1:1	10.1:1	10.1:1	2,682.0	2,565.3	-3.44%	95.65%
2020	2,602	75,832,465	29,144	8.21%	281	10.1:1	10.1:1	10.1:1	2,664.0	2,582.0	-0.67%	96.92%
2021	2,688	79,694,585	29,648	1.73%	281	10.1:1	10.1:1	10.1:1	2,582.0	2,521.0	-3.08%	97.64%
2022	2,634	87,608,020	33,260	14.12%	294	10.1:1	10.1:1	10.1:1	2,554.4	2,411.0	-4.11%	94.39%
2023	2,693	90,698,755	33,679	13.60%	283	10.1:1	10.1:1	10.1:1	2,616.7	2,487.8	1.34%	95.07%

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

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

^b - Teaching staff includes only full-time equivalents of certificated staff.

^c - Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS) and does not include Adult High School students.

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

Source: Morris Hills Regional School District records.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>District Building</u>					
Morris Hills High School (1953):					
Square Feet	229,760	229,760	229,760	229,760	229,760
Capacity (Students)	1,398	1,398	1,398	1,398	1,398
Enrollment	1,135	1,112	1,111	1,299	1,269
Enrollment - Academy Programs	96	96	96	96	120
Morris Knolls High School (1964):					
Square Feet	263,065	263,065	263,065	263,065	263,065
Capacity (Students)	1,652	1,652	1,652	1,652	1,652
Enrollment	1,755	1,744	1,742	1,570	1,169
Enrollment - Adult High School	136	130	96	53	42

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>District Building</u>					
Morris Hills High School (1953):					
Square Feet	229,760	229,760	229,760	229,760	229,760
Capacity (Students)	1,398	1,398	1,398	1,398	1,398
Enrollment	1,283	1,216	1,256	1,169	1,238
Enrollment - Academy Programs	143	164	180	180	180
Morris Knolls High School (1964):					
Square Feet	2,631,652	2,631,652	263,065	263,065	263,065
Capacity (Students)	1,652	1,652	1,652	1,652	1,652
Enrollment	1,466	1,386	1,432	1,465	1,455
Enrollment - Adult High School	35	107	75	100	100
Enrollment - Academy Programs	34	79	122	154	154

Number of Schools at June 30, 2023:

High School = 2

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

Source: Morris Hills Regional School District Facilities Office and Business Office.

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

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

<u>School Facilities*</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Morris Hills	\$ 501,878	\$ 436,678	\$ 559,387	\$ 503,222	\$ 421,425
Morris Knolls	632,578	460,568	412,528	462,278	408,199
Grand Total	<u>\$ 1,134,456</u>	<u>\$ 897,246</u>	<u>\$ 971,915</u>	<u>\$ 965,500</u>	<u>\$ 829,624</u>

<u>School Facilities*</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Morris Hills	\$ 466,288	\$ 383,833	\$ 515,443	\$ 387,818	\$ 344,253
Morris Knolls	440,387	370,728	552,638	452,862	371,536
Grand Total	<u>\$ 906,675</u>	<u>\$ 754,561</u>	<u>\$ 1,068,081</u>	<u>\$ 840,680</u>	<u>\$ 715,789</u>

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

Source: Morris Hills Regional School District records.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2023
UNAUDITED

School Package Policy -**New Jersey Schools Insurance Group (NJSIG)**

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

Source: Morris Hills Regional School District records.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2023
UNAUDITED

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
School Package Policy -		
New Jersey Schools Insurance Group (NJSIG)		
Public Officials Bond		
Board Secretary - J Gilman (NJSIG)	\$400,000	
Treasurer - J Csatos (NJSIG)	400,000	
General Liability:		
Bodily Injury & Property Damage	31,000,000	
Products & Completed Operations	31,000,000	
Sexual Abuse	31,000,000	
Personal Injury & Advertising Injury	31,000,000	
Employee Benefits Liability	31,000,000	\$1,000
Premises Medical Payments	10,000 per accident 5,000 per person	
Terrorism	1,000,000	
Automotive Coverage:		
Combined Single Limit for Bodily Injury & Property Damage	11,000,000	1,000
Personal Injury Protection	250,000	
Medical Payments	10,000	
Underinsured	15,000	
Terrorism	1,000,000	
Garagekeepers	Included	
School Leaders Errors & Omissions		
Coverage A - protection against "loss"/Wrongful Acts	31,000,000	10,000
Coverage B - defense costs for specific administrative actions	100,000 per claim 300,000 aggregate	10,000 10,000
Retro Date	7/1/1986	
Workers' Compensation		
Part One	Statutory	
Part Two:		
Bodily Injury by Accident	2,000,000	
Bodily Injury by Disease	2,000,000	
Excess Liability (Starstone)		
American International Group (AIG)		
Student Accident		
All School Base (AIG)	25,000	
Catastrophic (AIG)	7,500,000	25,000

Source: Morris Hills Regional School District records.

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Morris Hills Regional School District, in the County of Morris (the "District") as of, and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 28, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mount Arlington, New Jersey
December 28, 2023

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell

Licensed Public School Accountant #884

Certified Public Accountant



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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Board of Education of the Morris Hills Regional School District (the "District's") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal and State Program

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

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

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

Mount Arlington, New Jersey
December 28, 2023

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell

Licensed Public School Accountant #884

Certified Public Accountant

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period		Program/ Award Amount	June 30, 2022		June 30, 2023	
			From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor	(Accounts Receivable)	Unearned Revenue
			Cash Received			Budgetary Expenditures	Due to Grantor	Amount Paid to Sub- Recipients	
U.S. Department of Education -									
Passed-through State Department of Education:									
Special Revenue Fund:									
Special Education Cluster:									
	84.027	IDEA-3370-23	7/1/22	9/30/23	\$ 814,709	\$ 647,227	\$ (706,354)	\$ (59,127)	
	84.027	IDEA-3370-22	7/1/21	9/30/22	585,597	28,642			
	84.027X	IDEA-3370-22	7/1/21	9/30/22	142,829	18,448			
		Total Special Education Cluster				694,317	(706,354)	(59,127)	
Elementary and Secondary Education Act:									
	84.010	ESEA-3370-23	7/1/22	9/30/23	97,817	60,598	(95,319)	(34,721)	
	84.010	ESEA-3370-22	7/1/21	9/30/22	204,863	51,159			
		Subtotal Title I - Part A				111,757	(95,319)	(34,721)	
	84.367A	ESEA-3370-23	7/1/22	9/30/23	41,149	41,122	(41,145)	(23)	
	84.367A	ESEA-3370-22	7/1/21	9/30/22	43,755	3,001			
		Subtotal Title II - Part A				44,123	(41,145)	(23)	
	84.365A	ESEA-3370-23	7/1/22	9/30/23	15,527	10,699	(11,083)	(384)	
	84.365A	ESEA-3370-22	7/1/21	9/30/22	13,389	5,235			
		Subtotal Title III - Part A				15,934	(11,083)	(384)	
	84.365A	ESEA-3370-22	7/1/21	9/30/22	7,060	445	(2,341)	(1,896)	
	84.424	ESEA-3370-23	7/1/22	9/30/23	15,689				
	84.424	ESEA-3370-22	7/1/21	9/30/22	12,303	12,303	(7,167)	(7,167)	
		Subtotal Title IV				12,303	(7,167)	(7,167)	
		Total Elementary and Secondary Education Act				184,562	(157,055)	(44,191)	
Education Stabilization Fund:									
COVID-19 - CRRSA:									
	84.425D	S425D210027	3/13/20	9/30/23	552,449	329,730			
	84.425D	S425D210027	3/13/20	9/30/23	45,000	28,750	(8,255)		
	84.425D	S425D210027	3/13/20	9/30/23	35,453	22	(22)		
	84.425U	S425U210027	3/13/20	9/30/24	1,241,594	870,915	(84,999)	\$ 50	
	84.425U	S425U210027	3/13/20	9/30/24	214,873	81,354	(123,263)	(13,099)	
	84.425U	S425U210027	3/13/20	9/30/24	40,000	28,551	(29,028)	(497)	
	84.425U	S425U210027	3/13/20	9/30/24	40,000	3,147	(1,099)	(384)	
	84.425U	S425U210027	3/13/20	9/30/24	45,000	45,000	(45,000)		
	84.425W	S425W210027	3/13/20	9/30/24	9,081	9,081	(9,081)		
		Total Education Stabilization Fund				1,396,530	(300,747)	(13,980)	50
		Total U.S. Department of Education				2,275,409	(1,164,156)	(117,298)	50

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period		Program/ Award Amount	June 30, 2022		June 30, 2023		
			From	To		Cash Received	Budgetary Expenditures	Budgetary (Accounts Receivable)	Unearned Revenue	Amount Paid to Sub- Recipients
			Due to Grantor	Due to Grantor		Received	Expenditures	(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Treasury - Passed-through State Department of Education: Special Revenue Fund: American Rescue Plan - Coronavirus State and Local Fiscal Recovery Funds: ACSERS	21.027	N/A	7/01/22	6/30/23	\$ 233,515	\$ 145,099	\$ (233,515)	\$ (88,416)	\$ 10	
COVID-19 - Nonpublic Digital Divide	21.019	S377A130031	7/16/20	10/31/20	22,534					10
Total U.S. Department of Treasury						10 145,099	(233,515)	(88,416)		10
Total Special Revenue Fund						10 2,420,508	(1,397,671)	(205,714)	50	10
U.S. Department of Agriculture - Passed- through State Department of Agriculture: Child Nutrition Cluster:										
School Breakfast Program	10.553	N/A	7/1/22	6/30/23	65,740	60,627	(65,740)	(5,113)		
School Breakfast Program - COVID-19 Seamless Summer Option	10.553	N/A	7/1/21	6/30/22	304,960	21,814	(65,740)	(5,113)		
Subtotal School Breakfast Program						82,441				
National School Lunch Program	10.555	N/A	7/1/22	6/30/23	397,042	378,821	(397,042)	(18,221)		
National School Lunch Program - COVID-19 Seamless Summer Option	10.555	N/A	7/1/21	6/30/22	1,523,893	67,192	(397,042)	(18,221)		
Subtotal National School Lunch Program						446,013				
COVID-19 - Supply Chain Assistance Award	10.555	N/A	7/1/22	6/30/24	145,613	145,613	(121,287)	24,326		
Federal Food Distribution Program	10.555	N/A	7/1/22	6/30/23	82,611	82,611	(82,611)			
Total Child Nutrition Cluster						756,678	(666,680)	(23,334)	24,326	
Local Food for Schools (LFS) Cooperative	10.185	N/A	12/1/22	2/29/24	9,895		(789)	(789)		
Total U.S. Department of Agriculture						756,678	(667,469)	(24,123)	24,326	
U.S. Department of Health and Human Services - Passed-through State Department of Human Services: Medicaid Cluster:										
Medical Assistance Program - (SEMI)	93.778	N/A	7/1/22	6/30/23	14,263	14,263	(14,263)			
Total U.S. Department of Health and Human Services/Medicaid Cluster						14,263	(14,263)			
Total Federal Awards						\$ 1,317,507	\$ 3,191,449	\$ (2,079,403)	\$ 24,376	\$ 10 \$ -0-

N/A - Not Available/Applicable.

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	June 30, 2022		Cash Received	Budgetary Expenditures	Repayment of Balances	June 30, 2023		MEMO	
		From	To		Budgetary Unearned Revenue/(Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
State Department of Education:													
General Fund:													
Equalization Aid	23-495-034-5120-078	7/1/22	6/30/23	\$ 3,725,355			\$ 3,365,723	\$ (3,725,355)			\$	\$ (359,632)	\$ 3,725,355
Equalization Aid	22-495-034-5120-078	7/1/21	6/30/22	3,725,355			359,718						
Transportation Aid	23-495-034-5120-014	7/1/22	6/30/23	554,744			501,191	(554,744)				(53,553)	554,744
Transportation Aid	22-495-034-5120-014	7/1/21	6/30/22	554,744			53,566						
Special Education Categorical Aid	23-495-034-5120-089	7/1/22	6/30/23	2,676,295			2,417,936	(2,676,295)				(258,359)	2,676,295
Special Education Categorical Aid	22-495-034-5120-089	7/1/21	6/30/22	2,642,356			255,144						
School Choice Aid	23-495-034-5120-068	7/1/22	6/30/23	1,876,864			1,695,679	(1,876,864)				(181,185)	1,876,864
School Choice Aid	22-495-034-5120-068	7/1/21	6/30/22	1,871,232			180,685						
Security Aid	23-495-034-5120-084	7/1/22	6/30/23	277,006			250,265	(277,006)				(26,741)	277,006
Security Aid	22-495-034-5120-084	7/1/21	6/30/22	58,232			5,623						
Extraordinary Special Education Costs	23-495-034-5120-044	7/1/22	6/30/23	1,548,587			1,694,613	(1,548,587)			\$ (1,548,587)	(1,548,587)	1,548,587
Extraordinary Special Education Costs	22-495-034-5120-044	7/1/21	6/30/22	1,694,613									
Nonpublic School Transportation Costs	23-495-034-5120-014	7/1/22	6/30/23	25,272			20,720	(25,272)				(25,272)	25,272
Nonpublic School Transportation Costs	22-495-034-5120-014	7/1/21	6/30/22	20,720									
State Reimbursement for Lead Testing of Drinking Water	22-495-034-5120-104	7/1/21	6/30/22	5,172			5,172	(5,172)					5,172
On-Behalf TPAF Contributions:													
Post Retirement Medical	23-495-034-5094-001	7/1/22	6/30/23	2,937,094			2,937,094	(2,937,094)					2,937,094
Pension	23-495-034-5094-002	7/1/22	6/30/23	11,027,518			11,027,518	(11,027,518)					11,027,518
Non-Contributory Insurance	23-495-034-5094-004	7/1/22	6/30/23	152,994			152,994	(152,994)					152,994
Long-Term Disability Insurance	23-495-034-5094-004	7/1/22	6/30/23	3,269			3,269	(3,269)					3,269
Reimbursed TPAF Social Security Aid	23-495-034-5094-003	7/1/22	6/30/23	2,145,655			2,145,655	(2,145,655)					2,145,655
Reimbursed TPAF Social Security Aid	22-495-034-5094-003	7/1/21	6/30/22	2,089,305			102,647						
Total General Fund State Aid							27,175,212	(26,955,825)			(1,573,859)	(2,453,329)	26,955,825
Special Revenue Fund:													
NJ Nonpublic Aid:													
Textbook Aid (Chapter 194)	23-100-034-5120-064	7/1/22	6/30/23	31,482			31,482	(9,838)			\$21,644		9,838
Textbook Aid (Chapter 194)	22-100-034-5120-064	7/1/21	6/30/22	29,890								(188)	
Nursing Services (Chapter 226)	23-100-034-5120-070	7/1/22	6/30/23	53,424			53,424	(53,424)					53,424
Nursing Services (Chapter 226)	22-100-034-5120-070	7/1/21	6/30/22	55,776			295					(295)	
Technology Initiative	23-100-034-5120-373	7/1/22	6/30/23	20,034			20,034	(16,783)			3,251		16,783
Technology Initiative	22-100-034-5120-373	7/1/21	6/30/22	20,916			82					(82)	
Security Aid	23-100-034-5120-509	7/1/22	6/30/23	80,770			80,770	(80,671)			99		80,671
Security Aid	22-100-034-5120-509	7/1/21	6/30/22	73,325			4,354	(4,354)					
Auxiliary Services (Chapter 192):													
Compensatory Education	23-100-034-5120-067	7/1/22	6/30/23	97,843			97,843	(82,029)			15,814		82,029
Compensatory Education	22-100-034-5120-067	7/1/21	6/30/22	89,401								(1,075)	
Home Instruction	22-100-034-5120-067	7/1/21	6/30/22	1,144			1,144	(1,144)					

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period From To	Program or Award Amount	June 30, 2022		Cash Received	Budgetary Expenditures	Repayment of Balances	June 30, 2023		MEMO Budgetary (Accounts Receivable)	MEMO Cumulative Total Expenditures
				Budgetary Unearned Revenue/(Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor		
State Department of Education: Special Revenue Fund: NJ Nonpublic Aid: Handicapped Services (Chapter 193): Examination & Classification	23-100-034-5120-066	7/1/22 6/30/23	\$ 71,504	\$ 71,504	\$ (63,732)	\$ 7,772	\$ 7,772				\$ 63,732	
Examination & Classification	22-100-034-5120-066	7/1/21 6/30/22	72,434									
Supplementary Instruction	23-100-034-5120-066	7/1/22 6/30/23	78,057	\$ 3,792	\$ (76,818)	1,239					76,818	
Supplementary Instruction	22-100-034-5120-066	7/1/21 6/30/22	70,871	826	(826)							
Corrective Speech	23-100-034-5120-066	7/1/22 6/30/23	2,697	2,697	(2,511)	186					2,511	
Corrective Speech	22-100-034-5120-066	7/1/21 6/30/22	930	186	(186)							
Climate Change Awareness	23-100-034-5063-359	7/1/22 6/30/24	6,660	4,595	(4,595)						4,595	
Total Special Revenue Fund			\$ (1,144)	10,798	(390,401)	50,005	(10,798)				390,401	
State School Breakfast Program	23-100-010-3350-023	7/1/22 6/30/23	2,495	2,307	(2,495)						2,495	
State School Lunch Program	23-100-010-3350-023	7/1/22 6/30/23	21,669	20,679	(21,669)						21,669	
State School Lunch Program - COVID-19 Seamless Summer Option	22-100-010-3350-023	7/1/21 6/30/22	35,882	1,546							35,882	
Total Enterprise Fund			(1,546)	24,532	(24,164)						60,046	
Total State Department of Education			(2,675,406)	10,798	(27,370,390)	50,005	(10,798)				27,406,272	
TOTAL STATE AWARDS			<u>(2,675,406)</u>	<u>\$ 10,798</u>	<u>\$ (27,370,390)</u>	<u>\$ 50,005</u>	<u>\$ (10,798)</u>	<u>\$ (1,575,037)</u>	<u>\$ 50,005</u>	<u>\$ (2,454,507)</u>	<u>\$ 27,406,272</u>	
Less - State Awards Not Subject to Single Audit Major Program Determination: On-Behalf TPAF Pension System Contributions: Post-Retirement Medical	23-495-034-5094-001	7/1/22 6/30/23	2,937,094								2,937,094	
Pension	23-495-034-5094-002	7/1/22 6/30/23	11,027,518								11,027,518	
Non-Contributory Insurance	23-495-034-5094-004	7/1/22 6/30/23	152,994								152,994	
Long-Term Disability Insurance	23-495-034-5094-004	7/1/22 6/30/23	3,269								3,269	
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION			<u>\$ (13,249,515)</u>									

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include federal and state awards activity of the Board of Education, Morris Hills Regional School District under programs of the federal and state governments for the fiscal year ended June 30, 2023. The information in these schedules are presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to P.L. 2003, C.97 (A3521). For GAAP purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Grant revenue in the capital projects fund is recognized on the budgetary basis in the fiscal year of award but is not recognized on the GAAP basis until expended and submitted for reimbursement.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

The net adjustment to reconcile revenue from the budgetary basis to the GAAP basis is (\$24,734) for the general fund and \$893,583 for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds.

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 14,263	\$ 26,931,091	\$26,945,354
Special Revenue Fund	2,226,509	455,146	2,681,655
Food Service Enterprise Fund	<u>667,469</u>	<u>24,164</u>	<u>691,633</u>
Total Financial Assistance	<u>\$ 2,908,241</u>	<u>\$27,410,401</u>	<u>\$30,318,642</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2023. Revenue and expenditures reported under the Federal Food Distribution Program represent current fiscal year value received and current fiscal year distributions, respectively.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and NJ OMB 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The single audit thresholds identified in the Uniform Guidance and New Jersey's OMB Circular 15-08 were \$750,000.
- The threshold used for distinguishing between Type A and Type B federal and state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for both federal and state programs.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

	<u>Assistance Listing/ State Grant Numbers</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. - Part B,				
Basic Regular	84.027	7/1/22-9/30/23	\$ 814,709	\$ 706,354
<u>State:</u>				
Extraordinary Special				
Education Costs	23-495-034-5120-044	7/1/22-6/30/23	1,548,587	1,548,587
Reimbursed TPAF Social				
Security Aid	23-495-034-5094-003	7/1/22-6/30/23	2,145,655	2,145,655

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Status of Prior Fiscal Year Findings:

The District had no prior fiscal year audit findings.