

**BOROUGH OF MORRIS PLAINS
SCHOOL DISTRICT**

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

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

**Annual Comprehensive
Financial Report**

of the

Morris Plains Borough School District

Morris Plains, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)



Navigating a changing world through excellence and innovation

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

November 1, 2023

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

Dear Honorable President and Board Members:

The annual comprehensive financial report of the Morris Plains Borough School District for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1) REPORTING ENTITY AND ITS SERVICES:

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

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The Community of Caring

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

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

2) ECONOMIC CONDITION AND OUTLOOK:

Morris Plains remains financially healthy. The District is currently carrying the maximum 2% unassigned budgetary basis fund balance to provide funding for the reduction in state aid, emergency funding, and to provide necessary reserves for future contingencies. In addition, the District has established tuition and maintenance reserves to help the District manage financially with the state restricted tax levy budget cap of 2%. A capital reserve for the local funding portion of future capital projects contained in the District's Long Range Facility Plan totals \$1,648,100. The Morris Plains community is experiencing the impact of the current economic condition in the United States. The District has worked very hard to minimize the tax impact to the community.

3) MAJOR INITIATIVES:

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

Math:

Master schedules at both schools support block periods of mathematics instruction. The District continued to secure updated math resources and manipulatives, and continued to implement math-based diagnostic assessments and digital learning tools (i.e. iXL, Dibels, BrainPop, etc.). In addition, the District continued to offer support for students who qualify for Basic Skills in grades Kindergarten through 8th grade and expanded our remedial resources by adding Reflex Math Fact Fluency Games for students in grades 3-8 and Frax for students in grades 6-8. The District also purchased Math Fluency Kits for grades 1-3. Additionally, the District coordinated a Math Textbook Selection Committee, viewing textbook materials from 4 vendors. Ultimately, the District selected Big Ideas for all K-8 general education math classes. The District also implemented a new program, Math 180, for our Borough School RISE and STARS students. The Education Foundation of Morris Plains has been a major contributor towards our math program, and they funded math games for our students and Magna Tiles for our 6th grade students. The District offered a virtual Geometry class to meet the needs of our accelerated students. Lastly, the District invested in numerous professional development opportunities for math teachers, including Numbers World Training for Math Resource Room teachers, K-8 Big Ideas Math training (June 2023) led by a consultant, and Best Practices of Math Instruction in October 2022, led by Dr. Nikki Newton.

3) MAJOR INITIATIVES: (Cont'd)

Science:

In Borough School, science instruction was delivered every other day, following a block schedule. Content was delivered through the digital resource, Techbook. In Mountain Way School, grade level teachers integrated science instruction into their daily lesson plans. Science teachers across the district utilized non-consumable and digital-based resources to deliver their instruction. The District continued to fund and support STEM classes at both schools, integrated into the Related Arts cycles. The District added special education personnel, including a part-time in-class support teacher, who was assigned to support our middle school science students.

The District maintained a strong partnership with NJIT, who donated hands-on science and STEM-related resources to the district. In addition, NJIT provided the District with a student intern to further support the Borough School LIFE Club. During the 2022-2023 school year, Borough School participated in the STEM for Success Sweepstakes program and was selected as a winner, securing \$100 for the Borough School STEM program. The Education Foundation of Morris Plains has been a major contributor towards our science program, and they funded an earthquake simulator for the Borough School science classes. Throughout the year, professional development resources were made available for science teachers to continue supporting their efforts to build authentic, inquiry-based and STEAM activities against the NJSLs. Funds continued to be dedicated to support hands-on, exploratory learning experiences for our students. The District utilized iXL to benchmark students, provide additional instructional material, etc. Lastly, the District continued to partner with Proyecto Science, providing an enriching program for seventh grade students during summer recess.

Language Arts:

Similar to Math, Language Arts was delivered in block periods to all students K-8. The District implemented balanced literacy programs to support LAL instruction across all grade levels. The District launched a Reading Program Committee comprised of reading instructors across grades K-3. The committee met monthly to review reading materials, programs, and assessments. The committee recommended the use of Dibels/Acadience, a universal screener, and staff development was provided in June to support full implementation for the 2023-2024 school year. The District continues to invest in early literacy intervention training opportunities designed to build capacity and deepen understanding. This included the purchase/implementation of Foundations phonics materials K-4, and Foundations Handwriting Program materials for K-2 students. Additionally, all new staff received Sonday and Foundations training at the start of the school year. The District designed and implemented Kindergarten Intervention programs (Foundations/Aides and Phonics/Reading Specialist and BSI Instructor), and piloted Smile Zemi for 30 third grade students. Smile Zemi is a web-based LAL program designed to reinforce LAL skills against the NJSLs standards.

The District continued to support LAL-based diagnostic assessments and digital learning tools (i.e. iXL, Dibels, BrainPop, etc.), and expanded assessments to include Common Lit resources for grades 6-8. The District provided Sonday Kits to all language arts-based, in-class support and resource room classes for grades K-6. Also, the District implemented Read 180 for Borough School RISE students and Project Read across all LAL resource rooms (K-8). The District continued to utilize staff to drive professional development needs, which included "Read and Write" assistive technology extension training and Integrating LAL content across curricula professional development sessions. The District made several staffing changes and recommendations to support LAL instruction. This included modifying the K-8 Basic Skills LAL position to provide full-time support at Mountain Way.

3) MAJOR INITIATIVES: (Cont'd)

Social Studies:

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

The District continued promoting professional development and support in understanding the social studies curriculum, instructional program, and the NJSLs. This included supporting teacher-led professional development opportunities, and personalized professional development planning. In addition, the District expanded Project Read training to in-class support social studies teachers and piloted LINC for in-class support social studies classes in Borough School. The Borough School social studies teachers implemented LGBTQ resources into their instruction and addressed key NJDOE mandates. Lastly, the District added special education personnel, including a part-time in-class support teacher, who was assigned to support our middle school social studies students.

21st Century Life and Careers:

The District continued to invest in the implementation of 21st Century Life and Careers Curriculum. The school counselors continued to lead classroom lessons, providing individual counseling, case management, design and implementation of character education programs, etc. The District continued maintaining collaborative relationships with local colleges and universities. The District offered electives for 8th grade students, and provided a wide array of co-curricular offerings for students. The District implemented monthly Second Step lessons, a SEL-based curriculum designed to support students' social and emotional needs. The District also purchased an online restorative practices tool BASE, and funded a Detention Duty advisor, to promote a positive school culture where students make good choices. The District worked with school community organizations to schedule meaningful assemblies and student-based programs. This included partnering with MPMAC to bring "Be a Buddy, Not a Bully" program to Mountain Way and a seventh grade Borough program titled, "7 Habits of Highly Effective Teens." Both schools redesigned several classrooms to establish a Sensory Room. The District coordinated and participated in HIB Training for all staff members led by the school attorney, and facilitated Nurtured Heart Approach training for all RISE and STARS staff. The District continued to support an eSports program at Borough School and competed in league play during the winter sports season. The District established a Beyond Differences Club and provided funding for the advisor position. The Education Foundation of Morris Plains has been a major contributor for the District, and they funded needle felting kits for the Borough School Art program and cameras for our Morning Broadcasting Studio.

Visual and Performing Arts

Technology resources and online-tools were purchased to enhance the students' learning experiences. Throughout the year, the District worked with a consultant to provide professional development opportunities to support STEAM and Arts Integration. In addition, the district worked with the local Education Foundation to implement a Dance Residency for second grade students. The District also funded stipends to support concerts and performances. Additionally, the district increased Visual and Performing Arts staffing at Mountain Way, moving the Art teacher from part-time to full time to support culture diversity, music, and movement instruction K-2. At the start of the 2022-2023 school year, all staff were trained on Promoting Creativity, led by Jesse Lubinsky. The Education Foundation of Morris Plains has been a major contributor towards our Visual and Arts program, and they funded a Gong instrument and stand and a Xylophone stand for the Borough School band program.

3) MAJOR INITIATIVES: (Cont'd)

Comprehensive Health and Physical Education:

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

World Language:

The District continued to purchase supplemental instructional material to use for World Language curriculum support, and continued to review materials and technology resources to support the recently adopted NJ Model Curriculum. Course program changes were recently made to include the creation of an Introduction to Spanish course in Borough School. Grant writing funds were dedicated for the summer of 2023 to revise the Spanish curriculum accordingly. Lastly, the District established a part-time ESL teacher for Mountain Way School to support both Spanish Instruction and our non-English speaking students.

Technology:

The District continued to dedicate funding to support both technology management and instructional technology use throughout the District. The District continued to fund the IT Coordinator position. In May 2023, the IT Coordinator position was eliminated and replaced with the Network and Technology Manager position. Restructuring the position saved the district approximately \$30K. Also, the District continued to utilize third party vendors to support infrastructure and security management. The District continued to support the integration of Google Apps for Education (G Suite). The District transitioned to Go Guardian to support the expanded use of technology inside and outside the classroom, and purchased Class Link to streamline all digital subscriptions. The District made several enhancements to the infrastructure, including server refresh upgrade w/ backup server, firewall infrastructure upgrade, installation of Voice Amplification devices in every classroom, and security camera replacement project (district-wide). The District continued purchasing online assessment programs, textbooks, and supplemental resources to support learners as producers, as well as continued to increase digital learning experiences for students and digital professional learning experiences for staff. The District continued to support technology standards through all content areas and unified arts programs. The District purchased 43 new V7 boards, and provided professional development for staff. Lastly, the District enhanced their cybersecurity, transitioning to two-step authentication and committing to Knowb4.

4) INTERNAL ACCOUNTING CONTROLS:

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

4) INTERNAL ACCOUNTING CONTROLS: (Cont'd)

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

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

5) BUDGETARY CONTROLS:

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

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

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT:

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


9) OTHER INFORMATION:

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

10) ACKNOWLEDGMENTS:

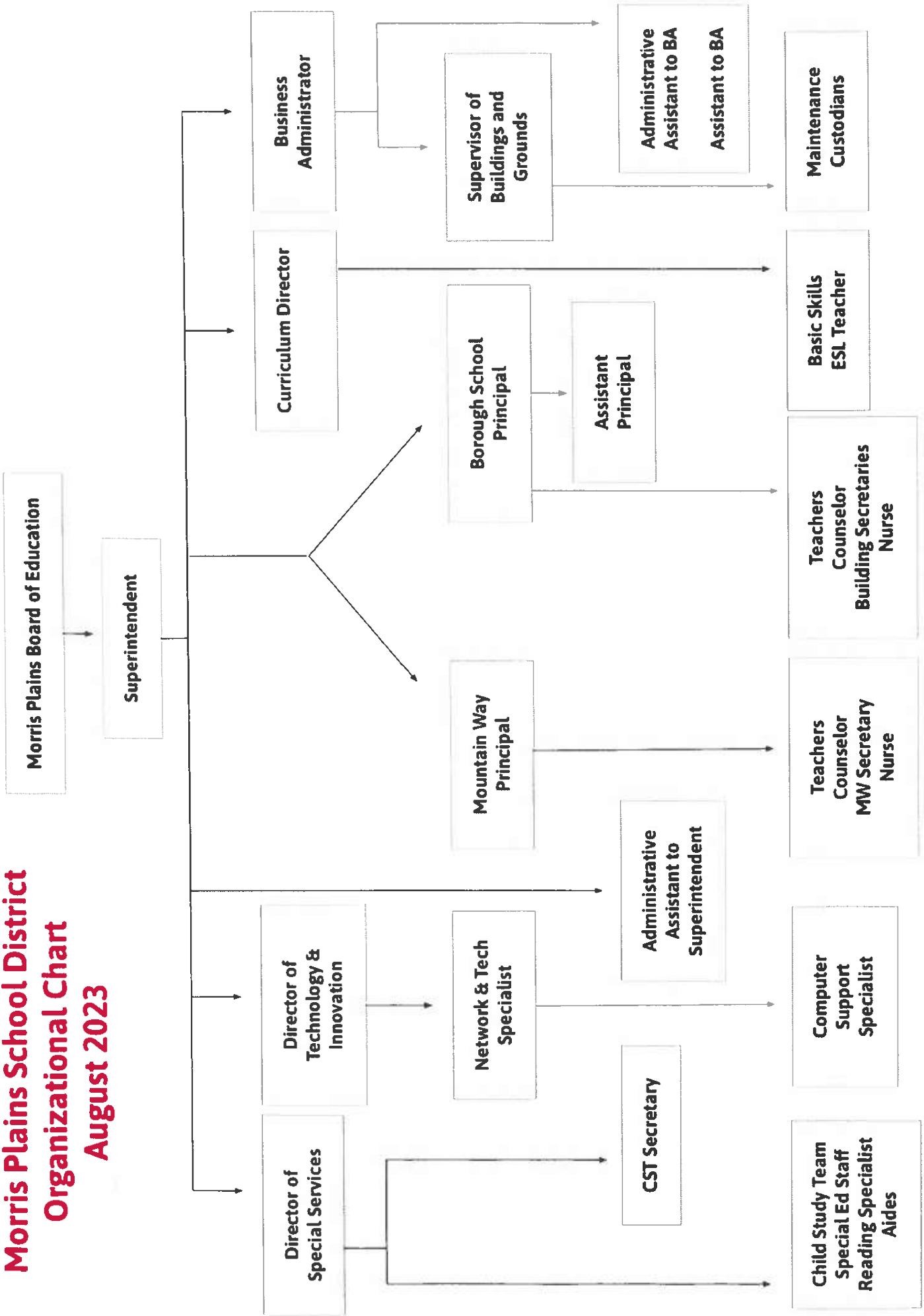
We would like to express our appreciation to the members of the Board of the Morris Plains Borough School District for their concern in providing fiscal accountability to the citizens and taxpayers of the school District and thereby contributing their full support to the development and maintenance of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

Respectfully submitted,


Mark Maire, Superintendent


Catherine Jenisch, Business Administrator

Morris Plains School District Organizational Chart August 2023



**MORRIS PLAINS BOROUGH SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2023**

<u>Members of the Board of Education</u>	<u>Expiration of Term</u>
Mrs. Christina Perry, President	2025
Mr. Adam Higgins, Vice-President	2025
Mrs. Diane Del Russo	2024
Ms. Lucia Galdi	2024
Mrs. Shawna Longo	2023
Mrs. Amy Lyons	2024
Mrs. Maria Manley	2025
Dr. Denise Rawding	2023
Mrs. Jessica Williams	2023

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

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

Audit Firm

Nisivoccia LLP, CPAs
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Official Depository

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

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

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 Morris Plains Borough 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 November 1, 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 District's internal control over financial reporting and compliance.

November 1, 2023
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Morris Plains Borough School District Management Discussion and Analysis

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

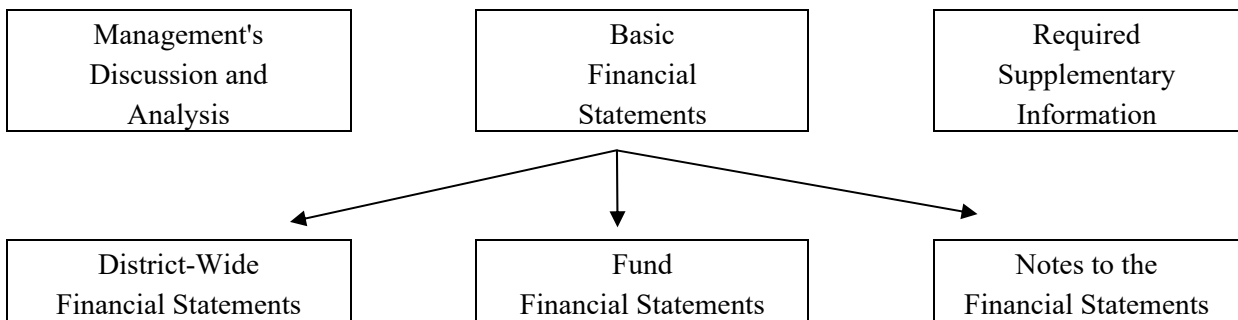
Overview of the Financial Statements

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

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

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

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



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

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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services
Required Financial Statements	<ul style="list-style-type: none"> • 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 up and liabilities that come due during the year or soon thereafter; no capital assets, lease assets, subscription asset or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

Morris Plains Borough School District Management Discussion and Analysis

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

Financial Analysis of the District as a Whole

Net Position. The District’s combined net position increased \$647,473. Net position from governmental activities increased by \$637,721 combined with an increase in net position from business-type activities of \$9,752. Net investment in capital assets decreased by \$68,244, restricted net position increased by \$443,454 and unrestricted net position increased by \$135,764.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	Percentage Change
Current and Other Assets	\$ 15,447,411	\$ 6,313,304	\$ 112,746	\$ 88,265	\$ 15,560,157	\$ 6,401,569	
Capital Assets, Net	18,045,295	17,740,620	18,394	13,625	18,063,689	17,754,245	
Lease Assets, Net	257,800	335,820			257,800	335,820	
Total Assets	<u>33,750,506</u>	<u>24,389,744</u>	<u>131,140</u>	<u>101,890</u>	<u>33,881,646</u>	<u>24,491,634</u>	38.34%
Deferred Outflow of Resources	<u>432,210</u>	<u>415,757</u>			<u>432,210</u>	<u>415,757</u>	3.96%
Other Liabilities	1,007,394	645,929	42,533	23,034	1,049,927	668,963	
Long-Term Liabilities	16,175,968	7,060,888			16,175,968	7,060,888	
Total Liabilities	<u>17,183,362</u>	<u>7,706,817</u>	<u>42,533</u>	<u>23,034</u>	<u>17,225,895</u>	<u>7,729,851</u>	122.85%
Deferred Inflows of Resources	<u>419,318</u>	<u>1,156,359</u>			<u>419,318</u>	<u>1,156,359</u>	-63.74%
Net Position:							
Net Investment in Capital Assets	13,052,868	12,989,393	18,394	13,625	13,071,262	13,003,018	
Restricted	4,875,222	4,431,768			4,875,222	4,431,768	
Unrestricted/(Deficit)	<u>(1,348,054)</u>	<u>(1,478,836)</u>	<u>70,213</u>	<u>65,231</u>	<u>(1,277,841)</u>	<u>(1,413,605)</u>	
Total Net Position	<u>\$ 16,580,036</u>	<u>\$ 15,942,325</u>	<u>\$ 88,607</u>	<u>\$ 78,856</u>	<u>\$ 16,668,643</u>	<u>\$ 16,021,181</u>	4.04%

Changes in Net Position. The District’s combined net position was \$16,668,643 on June 30, 2023, or \$647,463 more than it was the year before. The increase in the net position was primarily due to the increases in restricted net position. (See Figure A-3).

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

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	
Revenue:							
Program Revenue:							
Charges for Services	\$ 177,134	\$ 184,556	\$ 110,827		\$ 287,961	\$ 184,556	
Operating Grants & Contributions	3,020,226	3,879,470	80,363	\$ 257,303	3,100,589	4,136,773	
General Revenue:							
Property Taxes	18,453,554	18,077,144			18,453,554	18,077,144	
Unrestricted Federal and State Aid	835,103	748,696			835,103	748,696	
Other	216,119	91,999	879	718	216,998	92,717	
Total Revenue	<u>22,702,136</u>	<u>22,981,865</u>	<u>192,069</u>	<u>258,021</u>	<u>22,894,205</u>	<u>23,239,886</u>	-1.49%
Expenses:							
Instruction	9,492,572	9,156,832			9,492,572	9,156,832	
Pupil and Instruction Services	7,209,797	6,885,022			7,209,797	6,885,022	
Administrative and Business	1,593,593	1,834,138			1,593,593	1,834,138	
Maintenance and Operations	1,393,825	1,385,650			1,393,825	1,385,650	
Transportation	1,085,022	918,337			1,085,022	918,337	
Other	1,289,606	1,375,561	182,317	215,728	1,471,923	1,591,289	
Total Expenses	<u>22,064,415</u>	<u>21,555,540</u>	<u>182,317</u>	<u>215,728</u>	<u>22,246,732</u>	<u>21,771,268</u>	2.18%
Transfers/ Other Item				(1,149)	-0-	(1,149)	0.00%
Increase/(Decrease) in Net Position	<u>\$ 637,721</u>	<u>\$ 1,426,325</u>	<u>\$ 9,752</u>	<u>\$ 41,144</u>	<u>\$ 647,473</u>	<u>\$ 1,467,469</u>	-55.88%

Governmental Activities

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

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

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

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

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

	<u>Total Costs of Services</u>		<u>Net Cost of Services</u>	
	<u>2022/23</u>	<u>2021/2022</u>	<u>2022/23</u>	<u>2021/2022</u>
Instruction	\$ 9,492,572	\$ 9,156,832	\$ 6,773,047	\$ 5,919,241
Pupil and Instruction Services	7,209,797	6,885,022	6,932,176	6,582,397
Administrative and Business	1,593,593	1,834,138	1,494,038	1,469,164
Maintenance and Operations	1,393,825	1,385,650	1,389,373	1,329,164
Transportation	1,085,022	918,337	988,825	815,987
Other	1,289,606	1,375,561	1,289,606	1,375,561
	<u>\$ 22,064,415</u>	<u>\$ 21,555,540</u>	<u>\$ 18,867,065</u>	<u>\$ 17,491,514</u>

Business-Type Activities

Net position from the District's business-type activity increased by \$9,752, (Refer to Figure A-4).

General Fund Budgetary Highlights

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

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

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

Capital Asset Administration

Figure A-6

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2022/23
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	
Sites	\$ 951,200	\$ 951,200			\$ 951,200	\$ 951,200	
Construction in Progress	749,048				749,048		
Site Improvements	91,714	128,107			91,714	128,107	
Buildings & Building Improvements	15,989,894	16,356,234			15,989,894	16,356,234	
Furniture, Machinery & Equipment	263,439	305,079	\$ 18,394	\$ 13,625	281,833	318,704	
Total	\$ 18,045,295	\$ 17,740,620	\$ 18,394	\$ 13,625	\$ 18,063,689	\$ 17,754,245	1.74%

- The change in Capital Assets is a result of the acquisition of assets and construction in progress in the amount of \$1,244,690 offset by depreciation expense of \$790,311 and disposal of assets with a carrying value of \$149,704.

Long-Term Liabilities

At year-end, the District had \$13,578,000 in general obligation bonds outstanding as shown in Figure A-7. (More detailed information about the District’s long-term liabilities is presented in Note 9 to the basic financial statements.)

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Percentage Change 2022/23
	2022/23	2021/22	
General Obligation Bonds (Financed with Property Taxes)	\$ 13,578,000	\$ 4,920,000	
Net Pension Liability	1,922,863	1,513,622	
Other Long Term Liabilities	675,105	627,266	
Total	\$ 16,175,968	\$ 7,060,888	129.09%

- The District issued \$9,498,000 in serial bonds for the voter approved referendum and continued to pay down its debt, retiring \$840,000 of outstanding bonds.
- Other Long Term Liabilities increased \$47,839 comprised of an increase in financed purchases of \$172,993 offset by decreases in compensated absences payable of \$2,972, leases of \$78,221 and unamortized bond premiums of \$43,961.
- Net Pension Liability increased by \$409,241.

Morris Plains Borough School District Management Discussion and Analysis

Factors Bearing on the District's Future

Presently, the Morris Plains School District is in a healthy financial condition. However, there is concern about relatively flat annual state aid and the consistent need to utilize reserve funds in the budget. The Morris Plains School District is grateful for the community support of the schools. Both the Morris Plains Home and School Association and the Morris Plains Education Foundation have continued in their generous donations each year.

Future finances will continue to be challenged by the state of the economy with increases in operational expenses such as instructional supplies, substitute teacher rates, maintenance/project expenses and utility costs, transportation, etc. The State of New Jersey legislation and the unfunded mandates that School Districts are required to be in compliance with also stretch our financial situation, including unregulated out of district tuition costs for special education students. S1701, adopted by the State of New Jersey on June 17, 2004, limits a District's unassigned general fund balance to 2% of the District's total adjusted expenditures, which leaves the District with very little reserves in the event of unforeseen urgent situations.

Additionally, the district will continue to update and address the Long-Range Facility Plan projects, which will include District technology infrastructure, science lab enhancements, HVAC/ventilation upgrades, etc. Lastly, the district will continue to participate in the School Choice program, and continue to seek revenue opportunities, such as seeking tuition students from other districts in our Stars and Rise programs, when appropriate.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 12,121,279	\$ 77,148	\$ 12,198,427
Receivables from Federal, State and Other Governments	399,998	3,540	403,538
Internal Balances	(25,276)	25,276	
Inventory		6,782	6,782
Restricted Cash and Cash Equivalents	2,951,410		2,951,410
Capital Assets:			
Sites (Land) and Construction in Progress	1,700,248		1,700,248
Depreciable Site Improvements, Building and Building Improvements and Furniture, Machinery and Equipment	16,345,047	18,394	16,363,441
Lease Assets, Net	257,800		257,800
Total Assets	<u>33,750,506</u>	<u>131,140</u>	<u>33,881,646</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	432,210		432,210
Total Deferred Outflows of Resources	<u>432,210</u>		<u>432,210</u>
<u>LIABILITIES:</u>			
Accounts Payable	894,629	7,565	902,194
Accrued Interest Payable	109,899		109,899
Unearned Revenue		34,968	34,968
Payable to Federal Government	2,866		2,866
Noncurrent Liabilities:			
Due Within One Year	935,488		935,488
Due Beyond One Year	15,240,480		15,240,480
Total Liabilities	<u>17,183,362</u>	<u>42,533</u>	<u>17,225,895</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	419,318		419,318
Total Deferred Inflows of Resources	<u>419,318</u>		<u>419,318</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	13,052,868	18,394	13,071,262
Restricted for:			
Debt Service	62,171		62,171
Capital Projects	1,868,423		1,868,423
Maintenance Reserve	283,849		283,849
Tuition Reserve	774,136		774,136
Unemployment Compensation	185,135		185,135
Student Activities	60,190		60,190
Excess Surplus	1,641,318		1,641,318
Unrestricted/(Deficit)	(1,348,054)	70,213	(1,277,841)
Total Net Position	<u>\$ 16,580,036</u>	<u>\$ 88,607</u>	<u>\$ 16,668,643</u>

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 6,890,116		\$ 1,330,646		\$ (5,559,470)	\$ (5,559,470)	
Special Education	2,151,726		1,325,383		(826,343)	(826,343)	
School -Sponsored/Other Instruction	450,730		63,496		(387,234)	(387,234)	
Support Services:							
Tuition	5,040,526	\$ 93,421			(4,947,105)	(4,947,105)	
Student and Instruction Related Services	2,169,271	83,703	100,497		(1,985,071)	(1,985,071)	
General Administration Services	503,178		3,816		(499,362)	(499,362)	
School Administration Services	635,362		90,568		(544,794)	(544,794)	
Central Services	420,025		5,171		(414,854)	(414,854)	
Administration Information Technology	35,028				(35,028)	(35,028)	
Plant Operations and Maintenance	1,393,825		4,452		(1,389,373)	(1,389,373)	
Pupil Transportation	1,085,022		96,197		(988,825)	(988,825)	
Interest on Long-Term Debt	164,627				(164,627)	(164,627)	
Unallocated Depreciation	888,351				(888,351)	(888,351)	
Capital Outlay	56,562				(56,562)	(56,562)	
Charter Schools	180,066				(180,066)	(180,066)	
Total Governmental Activities	22,064,415	177,124	3,020,226		(18,867,065)	(18,867,065)	

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Functions/Programs</u>	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 182,317	\$ 110,827	\$ 80,363		\$ 8,873	\$ 8,873	\$ 8,873
Total Business-Type Activities	182,317	110,827	80,363		8,873	8,873	8,873
Total Primary Government	\$ 22,246,732	\$ 287,951	\$ 3,100,589	\$ -0-	\$ (18,867,065)	8,873	(18,858,192)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 17,639,806		\$ 17,639,806
Taxes Levied for Debt Service					813,748		813,748
Federal and State Aid not Restricted					835,103		835,103
Interest Income					102,949	\$ 879	103,828
Miscellaneous Income					113,170		113,170
Total General Revenue					19,504,776	879	19,505,655
Change in Net Position					637,711	9,752	647,463
Net Position - Beginning					15,942,325	78,855	16,021,180
Net Position - Ending					\$ 16,580,036	\$ 88,607	\$ 16,668,643

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

FUND FINANCIAL STATEMENTS

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 2,605,639		\$ 9,515,640		\$ 12,121,279
Interfund Receivables	2,806			\$ 62,171	64,977
Receivables From Federal Government		\$ 6,386			6,386
Receivables From State Government	391,118				391,118
Other Receivables		2,494			2,494
Restricted Cash and Cash Equivalents	2,891,220	60,190			2,951,410
Total Assets	\$ 5,890,783	\$ 69,070	\$ 9,515,640	\$ 62,171	\$ 15,537,664
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Interfund Payable	\$ 25,276	\$ 2,806	\$ 62,171		\$ 90,253
Accounts Payable	401,483	3,208	285,938		690,629
Payable to Federal Government		2,866			2,866
Unearned Revenue					
Total Liabilities	426,759	8,880	348,109		783,748
Fund Balances:					
Restricted for:					
Capital Reserve	1,648,100				1,648,100
Tuition Reserve - 2023-2024 Budget	399,000				399,000
Tuition Reserve - 2024-2025 Budget	375,136				375,136
Maintenance Reserve	283,849				283,849
Unemployment Compensation	185,135				185,135
Excess Surplus - 2023-2024 Budget	790,000				790,000
Excess Surplus - 2024-2025 Budget	851,318				851,318
Student Activities		60,190			60,190
Capital Projects			9,167,531		9,167,531
Debt Service				\$ 62,171	62,171
Assigned:					
Year-End Encumbrances	61,823				61,823
Designated for Subsequent Year's Expenditures	265,486				265,486
Unassigned	604,177				604,177
Total Fund Balances	5,464,024	60,190	9,167,531	62,171	14,753,916
Total Liabilities and Fund Balances	\$ 5,890,783	\$ 69,070	\$ 9,515,640	\$ 62,171	\$ 15,537,664

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

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

Total Fund Balances from previous page	\$ 14,753,916
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	18,045,295
Leased Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	257,800
Interest on long-term debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.	(109,899)
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	228,210
Deferred Inflows	(419,318)
Long-Term Liabilities, including net pension liability for PERS, bonds payable, leases payable and financed purchases payable are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	<u>(16,175,968)</u>
Net Position of Governmental Activities	<u><u>\$ 16,580,036</u></u>

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 17,639,806			\$ 813,748	\$ 18,453,554
Tuition - Other LEA's within the State	93,421				93,421
Rents and Royalties	5,286				5,286
Interest on Capital Reserve	13,486				13,486
Interest on Maintenance Reserve	550				550
Restricted Miscellaneous Revenues		\$ 99,090			99,090
Unrestricted Miscellaneous Revenues	137,220		\$ 59,577		196,797
Total - Local Sources	17,889,769	99,090	59,577	813,748	18,862,184
State Sources	4,520,696	19,480		177,461	4,717,637
Federal Sources	28,663	284,712			313,375
Total Revenue	22,439,128	403,282	59,577	991,209	23,893,196
EXPENDITURES					
Current:					
Regular Instruction	4,715,886	151,911			4,867,797
Special Education Instruction	1,329,753	154,188			1,483,941
School Sponsored/Other Instruction	380,955				380,955
Support Services and Undistributed Costs:					
Tuition	5,040,526				5,040,526
Student & Instruction Related Services	1,696,363	135,374			1,831,737
General Administrative Services	468,479				468,479
School Administrative Services	339,469				339,469
Central Services	356,036				356,036
Administrative Information Technology	71,808				71,808
Plant Operations and Maintenance	1,254,592	13,480			1,268,072

MORRIS PLAINS BOROUGH 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
EXPENDITURES					
Pupil Transportation	\$ 1,085,022				\$ 1,085,022
Allocated and Unallocated Benefits	5,199,226				5,199,226
Debt Service:					
Principal				\$ 840,000	840,000
Interest and Other Charges				154,444	154,444
Transfer of Funds to Charter Schools	180,066				180,066
Capital Outlay	629,007		\$ 672,245		1,301,252
Total Expenditures	22,747,188	454,953	672,245	994,444	24,868,830
Excess/(Deficit) of Revenue over/(under) Expenditures	(308,060)	(51,671)	(612,668)	(3,235)	(975,634)
OTHER FINANCING SOURCES/(USES)					
Transfers In				59,577	59,577
Transfers Out			(59,577)		(59,577)
Serial Bonds Issued			9,498,000		9,498,000
Finance Purchases (Non-Budgeted)	331,904				331,904
Total Other Financing Sources/(Uses)	331,904		9,438,423	59,577	9,829,904
Net Change in Fund Balances	23,844	(51,671)	8,825,755	56,342	8,854,270
Fund Balance—July 1	5,440,180	111,861	341,776	5,829	5,899,646
Fund Balance—June 30	\$ 5,464,024	\$ 60,190	\$ 9,167,531	\$ 62,171	\$ 14,753,916

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

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

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$ 8,854,270						
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 and disposal of assets with carrying value differs from capital outlays in the period.	<table style="margin-left: auto; margin-right: 0; border-collapse: collapse;"> <tr> <td style="padding-right: 10px;">Depreciation Expense</td> <td style="text-align: right;">\$ (790,311)</td> </tr> <tr> <td style="padding-right: 10px;">Disposal of Assets with Carrying Value</td> <td style="text-align: right;">(149,704)</td> </tr> <tr> <td style="padding-right: 10px;">Capital Outlays</td> <td style="text-align: right; border-top: 1px solid black;">1,244,690</td> </tr> </table>	Depreciation Expense	\$ (790,311)	Disposal of Assets with Carrying Value	(149,704)	Capital Outlays	1,244,690
Depreciation Expense	\$ (790,311)						
Disposal of Assets with Carrying Value	(149,704)						
Capital Outlays	1,244,690						
Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.	840,000						
Repayment of financed purchases is an expenditure in the Governmental Funds, but the repayment reduces in the Statement of Net Position and is not reported in the Statement of Activities.	158,911						
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+)	2,972						
The governmental funds report the effect of deferred amount on a bond refunding relative to an advance refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. (-)	(15,840)						
The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (+)	43,962						

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

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	\$ (409,241)
Changes in Deferred Outflows	(11,031)
Changes in Deferred Inflows	<u>737,041</u>
	<u>\$ 316,769</u>

Proceeds from school bonds issued are a financing source in the governmental funds, they are not revenue in the statement of activities, issuing debt increases long-term liabilities in the statement of net position. (9,498,000)

Finance Purchases entered into by the District are an other financing source in the governmental funds, but the acquisition increases long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities. (331,904)

Repayment of leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 78,221

Capital outlays related to lease assets are reported in governmental funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the shorter of their estimated useful lives or lease term as amortization expense. This is the amount by which amortization differs from capital outlays in the period. (78,020)

In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+). (38,305)

Change in Net Position - Governmental Activities (From Exhibit A-2) \$ 637,711

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$	77,148
Intergovernmental Receivable:		
Federal		3,369
State		171
Interfund Receivable:		
General Fund		25,276
Inventories		6,782

Total Current Assets		112,746
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Non-Current Assets:

Capital Assets		79,208
Less: Accumulated Depreciation		(60,814)

Total Non-Current Assets		18,394
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Total Assets		131,140
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LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors		7,565
Unearned Revenue - Supply Chain Assistance		26,825
Unearned Revenue - Prepaid Sales		3,764
Unearned Revenue - Donated Commodities		4,379

Total Current Liabilities		42,533
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NET POSITION:

Investment in Capital Assets		18,394
Unrestricted		70,213

Total Net Position	\$	88,607
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THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

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

Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 85,609
Daily Sales - Non-Reimbursable Programs	25,218
	<hr/>
Total Operating Revenue	110,827
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	62,179
Cost of Sales - Non-Reimbursable Programs	24,067
Salaries, Benefits & Payroll Taxes	75,433
Supplies, Insurance & Other Costs	8,317
Management Fee	10,000
Depreciation Expense	2,321
	<hr/>
Total Operating Expenses	182,317
	<hr/>
Operating Loss	(71,490)
Non-Operating Revenue:	
Local Sources:	
Interest Income	879
State Sources:	
School Lunch Program	2,613
Federal Sources:	
National School Lunch Program	50,401
COVID 19 - Supply Chain Assistance Program	13,704
Food Distribution Program	13,645
	<hr/>
Total Non-Operating Revenue	81,242
	<hr/>
Change in Net Position	9,752
Net Position - Beginning of Year	78,855
	<hr/>
Net Position - End of Year	\$ 88,607
	<hr/> <hr/>

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

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

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 110,827
Payments to Employees	(75,433)
Payments to Food Service Vendor	(91,141)
Payments to Suppliers	(8,317)
	<hr/>
Net Cash (Used for) Operating Activities	(64,064)
Cash Flows Provided for Investing Activities:	
Interest Income	879
	<hr/>
Net Cash Provided by Investing Activities	879
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(7,090)
	<hr/>
Net Cash (Used for) Capital and Related Financing Activities	(7,090)
Cash Flows from Noncapital Financing Activities:	
State Sources	2,924
Federal Sources	108,526
Interfund - General Fund	29,876
	<hr/>
Net Cash Provided by Noncapital Financing Activities	141,326
Net Increase in Cash and Cash Equivalents	71,051
Cash and Cash Equivalents, July 1	6,097
	<hr/>
Cash and Cash Equivalents, June 30	\$ 77,148
	<hr/> <hr/>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (71,490)
Adjustment to Reconcile Operating Loss to Net Cash (Used for) Operating Activities:	
Depreciation	2,321
Food Distribution Program	13,645
Changes in Assets and Liabilities:	
(Increase) in Inventory	(1,214)
(Decrease) In Unearned Revenue - Prepaid Sales	(2,498)
Increase in Unearned Revenue - Donated Commodities	2,947
(Decrease) in Accounts Payable	(7,775)
	<hr/>
Net Cash (Used for) Operating Activities	\$ (64,064)
	<hr/> <hr/>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities through the Food Distribution Program valued at \$16,592 and Utilized Commodities Valued at \$13,645.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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 include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

B. Basis of Presentation: (Cont'd)

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

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

C. Measurement Focus and Basis of Accounting

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

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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 budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 22,454,518	\$ 397,060
Differences - Budgetary to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		
Current Year Encumbrances		(373)
Prior Year Encumbrances Cancelled - Local Grants		(820)
Prior Year Encumbrances		7,415
Prior Year State Aid Payments Recognized for GAAP Statements	77,005	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(91,209)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 22,440,314	\$ 403,282
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 22,747,188	\$ 448,731
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		
Current Year Encumbrances		(373)
Prior Year Encumbrances Cancelled - Local Grants		(820)
Prior Year Encumbrances		7,415
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 22,747,188	\$ 454,953

E. Cash and Cash Equivalents and Investments:

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

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

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

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

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

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

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

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

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

L. Lease Assets

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

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

O. Accrued Salaries and Wages:

The District allows certain employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year. As of June 30, 2023, the amount earned by these employees but not disbursed was \$356,436.

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

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

MORRIS PLAINS BOROUGH 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. Lease Payable

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

R. Subscription Payable

In the district-wide financial statements, subscription payables 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 special revenue fund 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 \$5,464,024 General Fund fund balance at June 30, 2023, \$61,823 is assigned for encumbrances and \$265,486 is assigned as designated for subsequent year's expenditures; \$1,648,100 is restricted in the capital reserve account; \$283,849 has been restricted in the maintenance reserve account, \$399,000 is restricted in the tuition reserve account for fiscal year ending June 30, 2024, \$375,136 is restricted in the tuition reserve account for fiscal year ending June 30, 2025, \$185,135 is restricted in the unemployment compensation reserve account, \$851,318 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2025; \$790,000 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2024, and \$604,177 is unassigned fund balance, which is \$106,599 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2024.

Special Revenue Fund: The \$60,190 Special Revenue Fund fund balance at June 30, 2023 is restricted for student activities.

Capital Projects Fund: The \$9,167,531 Capital Projects Fund fund balance at June 30, 2023 is restricted fund balance.

Debt Service Fund: Of the \$62,171 restricted Debt Service Fund fund balance at June 30, 2023, \$2,594 has been included as anticipated revenue for the fiscal year ended June 31, 2024.

MORRIS PLAINS BOROUGH 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)

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

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

U. Deficit Net Position:

The District has a deficit in unrestricted net position of \$1,348,054 in governmental activities, which is primarily a result of accrued interest, compensated absences payable, net pension liability and the related deferred inflows and outflows. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

V. Net Position:

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

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

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

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

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

MORRIS PLAINS BOROUGH 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)

V. Net Position: (Cont'd)

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.

W. Fund Balance Restrictions, Commitments and Assignments:

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

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources at June 30, 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 assigned resources for year-end encumbrances and the amount designated for subsequent year's expenditures in the General Fund at June 30, 2023.

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.

MORRIS PLAINS BOROUGH 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)

X. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

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

Y. Operating Revenue and Expenses:

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

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

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

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

MORRIS PLAINS BOROUGH 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

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

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

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

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

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

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

Deposits:

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

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

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

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

MORRIS PLAINS BOROUGH 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:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

MORRIS PLAINS BOROUGH 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)

- (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:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Total</u>
Checking & Savings Accounts	\$ 12,198,427	\$ 2,951,410	\$ 15,149,837
	<u>\$ 12,198,427</u>	<u>\$ 2,951,410</u>	<u>\$ 15,149,837</u>

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 \$15,149,837 and the bank balance was \$16,075,004.

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

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

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

Balance at June 30, 2022	\$ 1,672,155
Interest Earned	13,486
Increased by Board Resolution June 2023	300,000
Return of Unexpended Funds	28,000
Budget Withdrawal	(227,762)
Withdrawn by Board Resolution	(137,779)

Balance at June 30, 2023	\$ 1,648,100

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

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

NOTE 5. CAPITAL ASSETS

	Balance 6/30/2022	Increases	Adjustments/ Decreases	Balance 6/30/2023
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 951,200			\$ 951,200
Construction in Progress		\$ 749,048		749,048
Total Capital Assets not Being Depreciated	951,200	749,048		1,700,248
Capital Assets Being Depreciated:				
Site Improvements	930,749			930,749
Buildings and Building Improvements	37,153,460	382,613	\$ (47,324)	37,488,749
Machinery and Equipment	1,444,433	113,029	(387,125)	1,170,337
Total Capital Assets Being Depreciated	39,528,642	495,642	(434,449)	39,589,835
Governmental Activities Capital Assets	40,479,842	1,244,690	(434,449)	41,290,083
Less Accumulated Depreciation for:				
Site Improvements	(793,288)	(45,747)		(839,035)
Buildings and Building Improvements	(20,806,580)	(700,593)	8,318	(21,498,855)
Machinery and Equipment	(1,139,354)	(43,971)	276,427	(906,898)
Total Accumulated Depreciation	(22,739,222)	(790,311)	284,745	(23,244,788)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 17,740,620</u>	<u>\$ 454,379</u>	<u>\$ (149,704)</u>	<u>\$ 18,045,295</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 72,118	\$ 7,090		\$ 79,208
Less Accumulated Depreciation	(58,493)	(2,321)		(60,814)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 13,625</u>	<u>\$ 4,769</u>	<u>\$ - 0 -</u>	<u>\$ 18,394</u>
GRAND TOTAL	<u>\$ 17,754,245</u>	<u>\$ 459,148</u>	<u>\$ (149,704)</u>	<u>\$ 18,063,689</u>

The District expended \$749,048 towards construction in progress during the fiscal year in active district capital projects.

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

NOTE 5. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$	13,147
School Administrative Services		26,185
Operations and Maintenance of Plant		12,332
General/Unallocated		738,647
		790,311
	\$	790,311

NOTE 6. LEASE ASSETS

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

	Beginning Balance 6/30/2022	Increases	Adjustments/ Decreases	Balance 6/30/2023
Governmental Activities:				
Lease Assets Being Amortized:				
Buildings	\$ 254,176			\$ 254,176
Machinery and Equipment	201,823			201,823
Total Lease Assets Being Amortized	455,999			455,999
Governmental Activities Capital Assets	455,999			455,999
Less Accumulated Amortization for:				
Buildings	(103,554)	\$ (37,656)		(141,210)
Machinery and Equipment	(16,625)	(40,364)		(56,989)
Total Accumulated Depreciation	(120,179)	(78,020)		(198,199)
Governmental Activities Lease Assets, Net of Accumulated Amortization	\$ 335,820	\$ (78,020)	\$ - 0 -	\$ 257,800

Amortization expense was charged to governmental functions as follows:

General and School Administration Services	\$	78,020
		78,020

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

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2023, the school district had transfers in the capital outlay accounts and the required approval from the County Superintendent was obtained.

NOTE 8. MAINTENANCE RESERVE ACCOUNT

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

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

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

Balance at June 30, 2022	\$	309,695
Interest		550
Budget Withdrawal		(15,000)
Withdrawn by Board Resolution		(11,396)
Balance at June 30, 2023	\$	<u>283,849</u>

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

NOTE 9. 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 6/30/2022	Accrued	Retired	Balance 6/30/2023	Due Within One Year
Bonds Payable	\$ 4,920,000	\$ 9,498,000	\$ 840,000	\$ 13,578,000	\$ 703,000
Financed Purchases	179,132	331,904	158,911	352,125	153,074
Leases	345,531		78,221	267,310	79,414
Net Pension Liability	1,513,622	409,241		1,922,863	
Unamortized Bond Premiums	43,961		43,961		
Compensated Absences Payable	58,642	17,388	20,360	55,670	
	<u>\$ 7,060,888</u>	<u>\$ 10,256,533</u>	<u>\$ 1,141,453</u>	<u>\$ 16,175,968</u>	<u>\$ 935,488</u>

A. Bonds Payable:

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

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

On March 19, 2023 the District issued debt in the amount of \$9,498,000 with interest rates ranging 2.75% to 4.00% with consent of the taxpayers through a referendum which includes expansion at Mountain Way school including outdoor classroom, handicapped accessible playground, and a dedicated sensory room. Additionally, the project includes bathroom renovations at Borough School. The bonds mature on May 1, 2024 through 2043.

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

Purpose	Final Maturity Date	Interest Rate	Amount
School Bonds	7/15/2031	3.00-3.25%	\$ 4,080,000
School Bonds	5/1/2043	2.75-4.00%	9,498,000
			<u>\$ 13,578,000</u>

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

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

A. Bonds Payable: (Cont'd)

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

Fiscal Year Ending June 30,	Bonds		Total
	Principal	Interest	
2024	\$ 703,000	\$ 435,377	\$ 1,138,377
2025	760,000	417,469	1,177,469
2026	725,000	394,519	1,119,519
2027	740,000	372,544	1,112,544
2028	765,000	350,194	1,115,194
2029-3033	3,885,000	1,387,696	5,272,696
3034-3038	3,000,000	881,250	3,881,250
3039-2043	3,000,000	354,750	3,354,750
	<u>\$ 13,578,000</u>	<u>\$ 4,593,799</u>	<u>\$ 18,171,799</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2023, the Board has no bonds authorized but not issued.

C. Financed Purchases Payable:

The District has financed purchases agreements for various technology equipment valued at \$689,942 for which \$337,817 has been repaid. The finance purchases agreements are for terms of three to four years.

The following is a schedule of the future minimum financed purchases payments, and the present value of the net minimum financed purchases payments at June 30, 2023.

Fiscal Year Ending June 30,	Amount
2024	\$ 163,716
2025	71,062
2026	71,062
2027	71,061
Total Minimum Financed Purchases Payments	376,901
Less: Amount representing interest	(24,776)
Present Value of Minimum Financed Purchase Payments	<u>\$ 352,125</u>

The current portion of the finance purchases payable at June 30, 2023 is \$153,074 and the long-term portion is \$199,051. The General Fund will be used to liquidate the financed purchases payable.

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

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

D. Leases Payable:

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

Purpose	Frequency of Payment	Final Maturity Date	Interest Rate	Amount
Xerox Copiers	Monthly	3/25/2026	3.10%	\$ 8,756
Xerox Copiers	Monthly	3/11/2027	3.10%	139,163
Lease of Business Office	Monthly	7/1/2025	3.00%	119,391
				<u>\$ 267,310</u>

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

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 79,414	\$ 9,487
2025	80,641	9,618
2026	80,763	9,753
2027	26,492	308
	<u>\$ 267,310</u>	<u>\$ 29,166</u>

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2023 is \$-0- and the long-term portion is \$1,922,863. See Note 10 for further information on the PERS.

F. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability and will be liquidated through the General Fund. The current portion of the compensated absences at June 30, 2023 is \$-0- and the long-term portion is \$55,670.

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

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

NOTE 10. PENSION PLANS:

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

A. Public Employees’ Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

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.

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

NOTE 10. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

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 \$160,676 for the current fiscal year. During the fiscal year ended June 30, 2022, the State of New Jersey contributed 4,046 to the PERS for normal pension benefits on behalf of the District.

The employee contribution rate was 7.5% 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.

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

At June 30, 2023, the District reported a liability of \$1,922,863 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 0.01274%, which was a decrease of 0.00003% from its proportion measured as of June 30, 2021.

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

NOTE 10. PENSION PLANS (Cont'd)

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

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

For the fiscal year ended June 30, 2023, the District recognized an actual pension benefit in the amount of \$139,255 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 \$4,046 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 net pension liability attributable to the District as of June 30, 2023.

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

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2018	5.63		\$ (46,222)
	2019	5.21		(57,762)
	2020	5.16		(169,851)
	2021	5.13		(14,094)
	2022	5.04	\$ 5,958	(287,929)
			5,958	(287,929)
Changes in Proportion	2018	5.63	16,964	
	2019	5.21		(111,189)
	2020	5.16	111,824	
	2021	5.13		(2,550)
	2022	5.04		(5,411)
			128,788	(119,150)
Net Difference Between Projected and Actual	2019	5.00	1,902	
Investment Earnings on Pension Plan Investments	2020	5.00	57,161	
	2021	5.00	(356,531)	
	2022	5.00	377,054	
			79,586	

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

NOTE 10. PENSION PLANS (Cont'd)

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

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

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	2018	5.63		\$ (1,760)
	2019	5.21	\$ 4,415	
	2020	5.16	9,463	
	2021	5.13		(4,738)
	2022	5.04		(5,741)
			13,878	(12,239)
District Contribution Subsequent to the Measurement Date	2022	1.00	204,000	
			\$ 432,210	\$ (419,318)

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

Fiscal Year Ending June 30,	Total
2023	\$ (164,941)
2024	(84,032)
2025	(40,981)
2026	89,405
2027	(197)
	\$ (200,746)

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:

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%

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

NOTE 10. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

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.

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

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

NOTE 10. PENSION PLANS (Cont'd)

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

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 and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2022, calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 2,470,315	\$ 1,922,863	\$ 1,456,958

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.

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

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

Contributions

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

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

NOTE 10. PENSION PLANS (Cont'd)

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

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 \$1,964,290 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$655,873.

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

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

At June 30, 2023, the State's proportionate share of the net pension liability associated with the District was \$24,370,293. 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 .04723%, which was a decrease of 0.00001% 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		24,370,293
Total	\$	24,370,293

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$655,873 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

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

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	96,143,072	
			<u>3,013,097,864</u>	<u>19,441,140,477</u>
Difference Between Expected and Actual Experience	2015	8.30	13,201,022	
	2016	8.30		21,088,845.00
	2017	8.30	65,502,212	
	2018	8.29	474,592,771	
	2019	8.04		78,198,040
	2020	7.99		5,368,990
	2021	7.93	146,524,969	
	2022	7.83		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	5.00	36,220,692	
	2020	5.00	482,791,080	
	2021	5.00	(2,665,975,358)	
	2022	5.00	3,319,334,659	
		<u>1,172,371,073</u>		
		<u>\$ 4,885,289,911</u>	<u>\$ 19,563,805,393</u>	

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

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
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)
Thereafter	(1,687,721,983)
	\$ (14,678,515,482)

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-2022.

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 PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2022 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

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

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

	June 30, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 28,574,687	\$ 24,370,293	\$ 20,828,620

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 \$25,796 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$35,031 for the year ended June 30, 2023.

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

NOTE 11. RISK MANAGEMENT

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

Property and Liability Insurance

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

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

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

The June 30, 2023 audit report for the Group is not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2022 is as follows:

	<u>New Jersey Schools Insurance Group</u>
Total Assets	\$ 420,683,942
Net Position	\$ 184,982,708
Total Revenue	\$ 134,563,842
Total Expenses	\$ 121,403,370
Change in Net Position	\$ 13,160,472
Member Dividends	\$ - 0 -

MORRIS PLAINS BOROUGH 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 (Cont'd)

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

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

New Jersey Unemployment Compensation Insurance

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

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

Fiscal Year	District Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2020-2021	\$ -0-	\$ 12,401	\$ 138	\$ 5,305	\$ 178,663
2021-2022	-0-	19,995	110	5,540	193,228
2022-2023	-0-	22,290	576	30,959	185,135

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

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

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 2,806	\$ 25,276
Special Revenue Fund		2,806
Capital Projects Fund		62,171
Debt Service Fund	62,171	
Proprietary Fund	25,276	
	<u>\$ 90,253</u>	<u>\$ 90,253</u>

The Interfund between General Fund and Special Revenue Fund is a result of federal grants receivable as of June 30, 2023. The interfund between the General Fund and the Food Service Fund represents subsidy reimbursements received in the General Fund not yet turned over to the Food Service Fund. The interfund between the Capital Projects Fund and Debt Service Fund represents interest earned in the Capital Projects Fund.

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

NOTE 13. DEFERRED COMPENSATION

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

Equitable	Lincoln National Insurance	Franklin Templeton
Oppenheimer	Lincoln Financial Group	

NOTE 14. TAX CALENDAR

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

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

NOTE 15. ECONOMIC DEPENDENCY

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

NOTE 16. CONTINGENT LIABILITIES

Litigation

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

Grant Programs

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

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

NOTE 16. CONTINGENT LIABILITIES (Cont'd)

Arbitrage

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

Encumbrances

At June 30, 2023, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 61,823	\$ 373	\$ 622,646	\$ 684,842

On the District's Governmental Funds Balance Sheet as of June 30, 2023, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$373 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$622,646 year-end encumbrances in the Capital Projects Fund are included in the \$9,167,531 restricted fund balance.

NOTE 17. ACCOUNTS PAYABLE

	Governmental Funds			District Contribution Subsequent to Measurement Date	Total Governmental Activities	Business-Type Activities
	General Fund	Special Revenue Fund	Capital Projects Fund			Proprietary Fund
Vendors	\$ 41,085	\$ 3,208	\$ 285,938		\$ 330,231	\$ 7,565
Payroll Deductions and Withholdings	3,962				3,962	
Accrued Salaries & Wages	356,436				356,436	
State of New Jersey				\$ 204,000	204,000	
	\$ 401,483	\$ 3,208	\$ 285,938	\$ 204,000	\$ 894,629	\$ 7,565

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

NOTE 18. TUITION RESERVE ACCOUNT

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

As of June 30, 2023 the District has \$749,000 in the Tuition Reserve for which \$399,000 and \$375,136 will be used to pay any tuition adjustments for the fiscal years ending June 30, 2024 and 2025, respectively.

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employee 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.

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

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

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

Plan Description and Benefits Provided (Cont'd)

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

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	213,148
Total	364,817

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2021 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.

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

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

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

Mortality Rates

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

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.

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

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

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

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

	Total OPEB Liability
Balance at June 30, 2021	\$ 26,528,411
Changes for Year:	
Service Cost	1,244,717
Interest on the Total OPEB Liability	563,213
Changes of Assumptions	(5,701,154)
Difference between Expected and Actual Experiences	(842,780)
Gross Benefit Payments by the State	(557,879)
Contributions from Members	17,897
Net Changes	(5,275,986)
Balance at June 30, 2022	\$ 21,252,425

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 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	\$ 24,979,990	\$ 21,252,425	\$ 18,264,968

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

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

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

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 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	\$ 17,566,428	\$ 21,252,425	\$ 26,094,206

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$1,626,786 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2022 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

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

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

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

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

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 1,103,449
	2018	9.51		1,053,004
	2019	9.29	\$ 148,668	
	2020	9.24	3,510,123	
	2021	9.24	19,466	
	2022	9.13		5,076,711
				3,678,257
Differences Between Expected and Actual Experience	2018	9.51		995,416
	2019	9.29		1,749,833
	2020	9.24	3,271,572	
	2021	9.24		3,743,362
	2022	9.13	522,829	
			3,794,401	6,488,611
Changes in Proportion	N/A	N/A	896,840	1,988,691
			<u>\$ 8,369,498</u>	<u>\$ 15,710,466</u>

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

Fiscal Year Ending June 30,	Total
2023	\$ (1,056,255)
2024	(1,056,255)
2025	(1,056,255)
2026	(912,869)
2027	(521,991)
Thereafter	(1,645,493)
	<u>\$ (6,249,117)</u>

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.0133120961%	0.0132291256%	0.0131292071%	0.0103050938%	0.0137231494%
District's proportionate share of the net pension liability	\$ 2,492,388	\$ 2,969,674	\$ 3,888,495	\$ 3,038,050	\$ 2,702,020
District's covered employee payroll	\$ 891,550	\$ 891,550	\$ 909,100	\$ 913,315	\$ 909,754
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	279.56%	333.09%	427.73%	332.64%	297.01%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%
	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	
District's proportion of the net pension liability	0.0116095784%	0.0127961110%	0.0127769556%	0.0127414656%	
District's proportionate share of the net pension liability	\$ 2,091,870	\$ 2,086,711	\$ 1,513,622	\$ 1,922,863	
District's covered employee payroll	\$ 883,951	\$ 920,640	\$ 950,164	\$ 1,136,743	
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	236.65%	226.66%	159.30%	169.16%	
Plan fiduciary net position as a percentage of the total pension liability	56.27%	58.32%	70.33%	46.41%	

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 119,037	\$ 113,735	\$ 117,614	\$ 136,412
Contributions in relation to the contractually required contribution	(119,037)	(113,735)	(117,614)	(136,412)
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 891,550	\$ 909,100	\$ 913,315	\$ 909,754
Contributions as a percentage of covered employee payroll	13.35%	12.51%	12.88%	14.99%

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

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY ASSOCIATED WITH THE DISTRICT
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	0.1122527050%	0.0385863627%	0.0376905659%	0.0394616171%	0.0440913517%
State's proportionate share of the net pension liability attributable to the District	\$ 19,801,491	\$ 24,388,229	\$ 29,649,799	\$ 26,606,456	\$ 28,049,971
District's covered employee payroll	\$ 3,616,105	\$ 3,887,313	\$ 3,825,033	\$ 4,415,822	\$ 4,898,571
State's proportionate share of the net pension liability attributable to the district as a percentage of the District's covered employee payroll	547.59%	627.38%	775.15%	602.53%	572.62%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%
	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	
State's proportion of the net pension liability attributable to the District	0.0469450974%	0.0462982108%	0.0472552049%	0.0472343619%	
State's proportionate share of the net pension liability attributable to the District	\$ 28,810,652	\$ 30,486,815	\$ 22,718,029	\$ 24,370,293	
District's covered employee payroll	\$ 5,219,128	\$ 5,267,307	\$ 5,477,758	\$ 6,211,268	
State's proportionate share of the net pension liability attributable to the district as a percentage of the District's covered employee payroll	552.02%	578.79%	414.73%	392.36%	
Plan fiduciary net position as a percentage 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 PLAINS BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS ASSOCIATED WITH THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST NINE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 1,065,506	\$ 1,489,121	\$ 2,227,770
Contributions in relation to the contractually required contribution	(208,612)	(301,766)	(428,346)
Contribution deficiency/(excess)	<u>\$ 856,894</u>	<u>\$ 1,187,355</u>	<u>\$ 1,798,218</u>
District's covered employee payroll	\$ 3,887,313	\$ 3,825,033	\$ 4,415,822
Contributions as a percentage of covered employee payroll	5.37%	7.89%	9.70%
			13.26%
			17.69%

	Fiscal Year Ending June 30,		
	2020	2021	2022
Contractually required contribution	\$ 1,699,329	\$ 1,895,800	\$ 534,565
Contributions in relation to the contractually required contribution	(1,015,497)	(1,373,651)	(1,944,476)
Contribution deficiency/(excess)	<u>\$ 683,832</u>	<u>\$ 522,149</u>	<u>\$ (1,409,911)</u>
District's covered employee payroll	\$ 5,267,307	\$ 5,477,758	\$ 5,573,171
Contributions as a percentage of covered employee payroll	19.28%	25.08%	34.89%
			31.62%

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

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

	Fiscal Year Ending June 30,					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 1,015,043	\$ 837,818	\$ 774,924	\$ 782,609	\$ 1,495,013	\$ 1,244,717
Interest Cost	737,184	851,575	797,024	656,832	688,175	563,213
Changes in Benefit Terms					(28,236)	
Changes in Assumptions	(3,136,382)	(2,305,329)	271,996	5,640,572	26,172	(5,701,154)
Difference between Expected and Actual Experience		(1,982,540)	(3,147,255)	6,078,060	(6,007,437)	(842,780)
Member Contributions	19,792	18,566	16,600	16,294	17,593	17,897
Gross Benefit Payments	(537,505)	(537,176)	(559,988)	(537,582)	(542,089)	(557,879)
Net Change in Total OPEB Liability	(1,901,868)	(3,117,086)	(1,846,699)	12,636,785	(4,350,809)	(5,275,986)
Total OPEB Liability - Beginning	25,108,088	23,206,220	20,089,134	18,242,435	30,879,220	26,528,411
Total OPEB Liability - Ending	\$ 23,206,220	\$ 20,089,134	\$ 18,242,435	\$ 30,879,220	\$ 26,528,411	\$ 21,252,425
District's Covered Employee Payroll *	\$ 4,734,133	\$ 5,329,137	\$ 5,808,325	\$ 6,103,079	\$ 6,187,947	\$ 6,427,922
Total OPEB Liability as a Percentage of Covered Employee Payroll	490%	377%	314%	506%	429%	331%

* - Covered payroll for the fiscal years ending June 30, 2017 - 2022 are 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 PLAINS BOROUGH 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

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

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 actuarial 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

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

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 actuarial 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.

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.

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

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues from Local Sources:					
Local Tax Levy	\$ 17,639,806		\$ 17,639,806	\$ 17,639,806	
Tuition From Individuals	18,307		18,307		(18,307)
Tuition From Other LEAs Within the State	85,274		85,274	93,421	8,147
Rents and Royalties	5,000		5,000	5,286	286
Unrestricted Miscellaneous Revenues	50,550		50,550	137,220	86,670
Interest Earned on Capital Reserve				13,486	13,486
Interest Earned on Maintenance Reserve				550	550
Total Revenues from Local Sources	<u>17,798,937</u>		<u>17,798,937</u>	<u>17,889,769</u>	<u>90,832</u>
Revenues from State Sources:					
School Choice Aid	232,384		232,384	232,384	
Categorical Transportation Aid	95,804		95,804	95,804	
Extraordinary Aid				301,946	301,946
Categorical Special Education Aid	854,560		854,560	854,560	
Categorical Security Aid	29,819		29,819	29,819	
Nonpublic Transportation				19,591	19,591
Homeless Tuition Reimbursement				48,659	48,659
TPAF Post Retirement Contributions (Non-Budgeted)				523,173	523,173
TPAF Pension Contributions (Non-Budgeted)				1,964,290	1,964,290
TPAF Non-Contributory Insurance (Non-Budgeted)				27,252	27,252
TPAF Long-Term Disability Insurance (Non-Budgeted)				837	837
Reimbursed TPAF Social Security Contributions				437,771	437,771
Total Revenues from State Sources	<u>1,212,567</u>		<u>1,212,567</u>	<u>4,536,086</u>	<u>3,323,519</u>
Revenues from Federal Sources:					
Coronavirus Pandemic				28,663	28,663
Total Revenues from Federal Sources				<u>28,663</u>	<u>28,663</u>
TOTAL REVENUE	<u>19,011,504</u>		<u>19,011,504</u>	<u>22,454,518</u>	<u>3,443,014</u>

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

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 415,066	\$ (49,513)	\$ 365,553	\$ 350,288	\$ 15,265
Grades 1-5 - Salaries of Teachers	2,078,080	36,651	2,114,731	1,976,256	138,475
Grades 6-8 - Salaries of Teachers	1,881,650		1,881,650	1,856,821	24,829
Regular Programs - Home Instruction:					
Salaries of Teachers	7,000		7,000	1,760	5,240
Purchased Professional-Educational Services	2,000	12,800	14,800	14,800	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	124,844	(54,442)	70,402	67,233	3,169
Purchased Technical Services	46,040	3,210	49,250	45,658	3,592
Other Purchased Services (400-500 series)	243,964	16,059	260,023	231,723	28,300
General Supplies	168,821	(4,247)	164,574	132,339	32,235
Textbooks	41,500	2,337	43,837	39,008	4,829
Total Regular Programs - Instruction	5,008,965	(37,145)	4,971,820	4,715,886	255,934
Special Education - Instruction:					
Behavioral Disabilities:					
Salaries of Teachers	66,885		66,885	61,885	5,000
Other Salaries for Instruction	102,876	13,079	115,955	115,834	121
Other Purchased Services (400-500 series)	159,200	(11,445)	147,755	97,883	49,872
General Supplies	25,895	(1,700)	24,195	17,111	7,084
Total Behavioral Disabilities	354,856	(66)	354,790	292,713	62,077
Multiple Disabilities:					
Salaries of Teachers	207,233	4,025	211,258	206,831	4,427
Other Salaries for Instruction	137,202	(20,698)	116,504	106,766	9,738
General Supplies	9,580	1,700	11,280	9,356	1,924
Total Multiple Disabilities	369,015	(14,973)	354,042	322,953	31,089

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

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	\$ 373,484	\$ (26,113)	\$ 347,371	\$ 335,566	\$ 11,805
Other Salaries for Instruction	121,874	105,194	227,068	183,135	43,933
General Supplies	5,028	(4)	5,024	4,493	531
Total Resource Room/Resource Center	<u>500,386</u>	<u>79,077</u>	<u>579,463</u>	<u>523,194</u>	<u>56,269</u>
Preschool Disabilities - Full-Time:					
Salaries of Teachers	107,843	3,815	111,658	99,658	12,000
Other Salaries for Instruction	70,928	20,802	91,730	88,899	2,831
General Supplies	507	2,384	2,891	2,336	555
Total Preschool Disabilities - Full-Time	<u>179,278</u>	<u>27,001</u>	<u>206,279</u>	<u>190,893</u>	<u>15,386</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>1,404,316</u>	<u>90,258</u>	<u>1,494,574</u>	<u>1,329,753</u>	<u>164,821</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	161,173	4,789	165,962	141,649	24,313
General Supplies	2,361	(1,308)	1,053	1,053	
Total Basic Skills/Remedial - Instruction	<u>163,534</u>	<u>3,481</u>	<u>167,015</u>	<u>142,702</u>	<u>24,313</u>
Bilingual Education - Instruction:					
Salaries of Teachers	101,626	(2,858)	98,768	98,768	
General Supplies		30	30	30	
Total Bilingual Education - Instruction	<u>101,626</u>	<u>(2,828)</u>	<u>98,798</u>	<u>98,798</u>	
School-Spon. Coccuricular & Extracurricular Actvts. - Inst.:					
Salaries	80,015	1,762	81,777	62,987	18,790
Purchased Services (300-500 series)	700	(653)	47		47
Supplies and Materials	10,900	(2,762)	8,138	5,938	2,200
Total School-Spon. Coccuricular & Extracurricular Actvts. - Inst.	<u>91,615</u>	<u>(653)</u>	<u>90,962</u>	<u>69,826</u>	<u>21,136</u>

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

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Athletics - Instruction:					
Salaries	\$ 67,076		\$ 67,076	\$ 62,959	\$ 4,117
Supplies and Materials	7,300		7,300	5,826	1,474
Other Objects	1,400		1,400	844	556
Transfers to Cover Deficit (Agency Funds)	5,600		5,600		5,600
Total School-Sponsored Athletics - Instruction	<u>81,376</u>		<u>81,376</u>	<u>69,629</u>	<u>11,747</u>
TOTAL INSTRUCTION	6,851,432	53,113	6,904,545	6,426,594	477,951
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular	3,176,376		3,176,376	3,176,376	
Tuition to Other LEAs Within the State-Special	930,315		930,315	930,315	
Tuition to County Voc. School Dist.-Regular	54,696	4,828	59,524	56,218	3,306
Tuition to CSSD & Reg. Day Schools	95,340	5,744	101,084	99,772	1,312
Tuition to Priv. Sch. for the Handicap. W/I State	972,207	(179,927)	792,280	777,845	14,435
Total Undistributed Expenditures - Instruction	<u>5,331,517</u>	<u>(236,946)</u>	<u>5,094,571</u>	<u>5,040,526</u>	<u>54,045</u>
Undistributed Expenditures - Health Services:					
Salaries	206,284	(9,202)	197,082	169,384	27,698
Purchased Professional and Technical Services	20,492	2,265	22,757	22,587	170
Supplies and Materials	7,724	(207)	7,517	7,221	296
Total Undist. Expenditures - Health Services	<u>234,500</u>	<u>(7,144)</u>	<u>227,356</u>	<u>199,192</u>	<u>28,164</u>
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	77,000		77,000	77,000	
Purchased Professional - Educational Services	256,707	27,183	283,890	260,811	23,079
Supplies and Materials	7,300	(7,000)	300	239	61
Total Undist. Expend. - Speech, OT, PT, Related Svcs	<u>341,007</u>	<u>20,183</u>	<u>361,190</u>	<u>338,050</u>	<u>23,140</u>

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

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	\$ 187,361		\$ 187,361	\$ 186,533	\$ 828
Purchased Professional - Educational Services	5,500	(4,200)	1,300	1,183	117
Supplies and Materials	1,157	(466)	691	386	305
Total Undist Expend. - Guidance	<u>194,018</u>	<u>(4,666)</u>	<u>189,352</u>	<u>188,102</u>	<u>1,250</u>
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	368,285	(3,438)	364,847	362,489	2,358
Salaries of Secretarial and Clerical Assistants	45,864		45,864	45,864	
Purchased Professional - Educational Services	6,075	21,783	27,858	27,467	391
Other Purchased Services (400-500 series)	5,480	(281)	5,199	4,831	368
Supplies and Materials	31,567	(3,372)	28,195	28,195	
Total Undist Expend. - Child Study Team	<u>457,271</u>	<u>14,692</u>	<u>471,963</u>	<u>468,846</u>	<u>3,117</u>
Undist. Expend. - Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	200,241		200,241	200,240	1
Salaries of Other Professional Staff	4,000		4,000	4,000	
Salaries of Secretarial and Clerical Assistants	41,250		41,250	41,250	
Sal of Facilitators, Math Coaches & Literacy Coaches	80,124		80,124	80,124	
Purchased Professional - Educational Services	29,599		29,599	22,930	6,669
Other Purchased Services (400-500 series)	62,000	131	62,131	54,159	7,972
Supplies and Materials	21,000	6,160	27,160	25,270	1,890
Total Undist. Expend. - Improv. of Inst. Serv.	<u>438,214</u>	<u>6,291</u>	<u>444,505</u>	<u>423,973</u>	<u>20,532</u>
Undist. Expend. - Edu. Media Serv./Sch. Library:					
Salaries	60,889	11,950	72,839	36,072	36,767
Salaries of Technology Coordinators	54,490		54,490	29,515	24,975
Purchased Professional and Technical Services	2,000	(2,000)			
Other Purchased Services (400-500 series)	9,738	647	10,385	9,135	1,250
Supplies and Materials	7,810	(684)	7,126	1,974	5,152
Total Undist Expend. - Edu. Media Serv./Sch. Library	<u>134,927</u>	<u>9,913</u>	<u>144,840</u>	<u>76,696</u>	<u>68,144</u>

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

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Instructional Staff Training Services:					
Other Purchased Prof. And Tech. Services	\$ 5,588		\$ 5,588	\$ 1,504	\$ 4,084
Other Purchased Services (400-500 series)	3,000		3,000		3,000
Total Undist. Expend.-Instructional Staff Training Services	<u>8,588</u>		<u>8,588</u>	<u>1,504</u>	<u>7,084</u>
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	265,787		265,787	265,671	116
Legal Services	40,000	\$ 32,564	72,564	69,098	3,466
Audit Fees	42,000	(873)	41,127	41,035	92
Other Purchased Professional Services	20,000	(14,859)	5,141	5,141	
Communications / Telephone	47,000	12,336	59,336	55,204	4,132
BOE Other Purchased Services	1,000	(644)	356	356	356
Other Purch. Serv. (400-500 series other than 530 & 585)	15,000	3,785	18,785	18,782	3
General Supplies	2,000		2,000	1,985	15
BOE In-house training/ Meeting Supplies	1,000		1,000	873	127
Miscellaneous Expenditures	4,000	(893)	3,107	3,107	
BOE Membership Dues and Fees	9,000	(1,417)	7,583	7,583	
Total Undist. Expend.-Support Serv.-Gen. Admin.	<u>446,787</u>	<u>29,999</u>	<u>476,786</u>	<u>468,479</u>	<u>8,307</u>
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	218,055	(3,282)	214,773	214,773	
Salaries of Secretarial and Clerical Assistants	119,738		119,738	115,738	4,000
Other Purchased Services (400-500 series)	4,000	(3,262)	738	738	
Supplies and Materials	6,527		6,527	6,488	39
Other Objects	5,245	(3,403)	1,842	1,732	110
Total Undist. Expend.-Support Serv.-School Adm.	<u>353,565</u>	<u>(9,947)</u>	<u>343,618</u>	<u>339,469</u>	<u>4,149</u>

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

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 309,991		\$ 309,991	\$ 309,991	
Purchased Technical Services	21,029	\$ 20,895	41,924	36,447	\$ 5,477
Miscellaneous Purchased Services (400-500 series other than 594)	8,000	(1,648)	6,352	4,334	2,018
Supplies and Materials	3,657		3,657	3,643	14
Other Objects	2,000		2,000	1,621	379
Total Undist. Expend. - Central Services	<u>344,677</u>	<u>19,247</u>	<u>363,924</u>	<u>356,036</u>	<u>7,888</u>
Undist. Expend. - Admin. Info. Technology:					
Salaries	41,326		41,326	38,885	2,441
Purchased Technical Services	20,000	1,641	21,641	19,879	1,762
Other Purchased Services (400-500 series)	7,500	2,163	9,663	9,663	
Supplies and Materials	15,207	(5,853)	9,354	3,381	5,973
Total Undist. Expend. - Admin. Info. Technology	<u>84,033</u>	<u>(2,049)</u>	<u>81,984</u>	<u>71,808</u>	<u>10,176</u>
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	148,500		148,500	148,500	
Cleaning, Repair, and Maintenance Services	190,360	(72,999)	117,361	114,696	2,665
General Supplies	61,876	(35,810)	26,066	23,320	2,746
Other Objects	6,000	2,800	8,800	8,232	568
Total Undist. Expend.- Required Maint. for School Facilities	<u>406,736</u>	<u>(106,009)</u>	<u>300,727</u>	<u>294,748</u>	<u>5,979</u>
Undist. Expend.-Custodial Services:					
Salaries	351,544	(952)	350,592	326,858	23,734
Cleaning, Repair, and Maintenance Services	2,500	(2,500)			
Rental of Land & Bldg. Oth. than Lease Pur. Agrmt.	46,357	(8,979)	37,378	37,378	
Other Purchased Property Services	3,000	2,721	5,721	5,721	
Insurance	109,366	4,901	114,267	114,267	
Miscellaneous Purchased Services	35,000	13,137	48,137	43,410	4,727

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

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services:					
General Supplies	\$ 50,000	\$ (12,155)	\$ 37,845	\$ 36,721	\$ 1,124
Energy (Natural Gas)	59,051	48,866	107,917	79,981	27,936
Energy (Electricity)	175,000	10,410	185,410	180,410	5,000
Energy (Gasoline)	2,500		2,500	425	2,075
Total Undist. Expend.-Custodial Services	<u>834,318</u>	<u>55,449</u>	<u>889,767</u>	<u>825,171</u>	<u>64,596</u>
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	20,000		20,000	17,387	2,613
General Supplies	6,000	(2,415)	3,585	3,376	209
Total Care And Upkeep Of Grounds	<u>26,000</u>	<u>(2,415)</u>	<u>23,585</u>	<u>20,763</u>	<u>2,822</u>
Security:					
Salaries	18,414		18,414	18,313	101
Purchased Professional and Technical Services	20,000	10,412	30,412	23,182	7,230
Cleaning, Repair, and Maintenance Services	70,000	2,415	72,415	72,415	
General Supplies	4,000	(4,000)			
Total Security	<u>112,414</u>	<u>8,827</u>	<u>121,241</u>	<u>113,910</u>	<u>7,331</u>
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	<u>1,379,468</u>	<u>(44,148)</u>	<u>1,335,320</u>	<u>1,254,592</u>	<u>80,728</u>
Undist. Expend.-Student Transportation Serv.:					
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	80,000	(24,666)	55,334	55,334	
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	22,000	(4,669)	17,331	17,331	
Contract. Serv.(Bet. Home & Sch.)-Joint Agrmnts.	19,000	5,733	24,733	24,733	
Contract. Serv.(Reg. Students)-ESCs & CTSA	367,000	74,354	441,354	438,084	3,270
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSA	442,000	113,030	555,030	549,540	5,490
Misc. Purchased Serv. - Transportation	3,700	(3,700)			
Total Undist. Expend.-Student Trans. Serv.	<u>933,700</u>	<u>160,082</u>	<u>1,093,782</u>	<u>1,085,022</u>	<u>8,760</u>

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

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
ALLOCATED BENEFITS					
Regular Programs - Instruction:					
Health Benefits	\$ 1,003,780	\$ 1,681	\$ 1,005,461	\$ 881,267	\$ 124,194
Tuition Reimbursement	22,000		22,000	9,730	12,270
Total Regular Programs - Instruction	<u>1,025,780</u>	<u>1,681</u>	<u>1,027,461</u>	<u>890,997</u>	<u>136,464</u>
Special Programs - Instruction:					
Health Benefits	306,862		306,862	306,862	
Total Special Programs - Instruction	<u>306,862</u>		<u>306,862</u>	<u>306,862</u>	
Health Services:					
Health Benefits	16,621		16,621	16,621	
Total Health Services	<u>16,621</u>		<u>16,621</u>	<u>16,621</u>	
ALLOCATED BENEFITS					
Other Support Services - Speech, OT, PT & Related Svcs:					
Health Benefits	30,220		30,220	30,220	
Total Other Supp Serv - Speech, OT, PT & Related Svcs	<u>30,220</u>		<u>30,220</u>	<u>30,220</u>	
Other Support Services - Guidance:					
Health Benefits	15,484		15,484	15,484	
Total Other Supp Serv - Guidance	<u>15,484</u>		<u>15,484</u>	<u>15,484</u>	
Other Support Services - Child Study Team:					
Health Benefits	71,224		71,224	71,224	
Total Other Supp Serv - Child Study Team	<u>71,224</u>		<u>71,224</u>	<u>71,224</u>	
Improvement of Instruction Services:					
Health Benefits	62,010	(1,891)	60,119	60,119	
Total Improvement of Instructional Services	<u>62,010</u>	<u>(1,891)</u>	<u>60,119</u>	<u>60,119</u>	

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

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
ALLOCATED BENEFITS					
Educational Media Services - School Library:					
Health Benefits	\$ 11,319		\$ 11,319	\$ 11,319	
Total Educational Media Services - School Library	<u>11,319</u>		<u>11,319</u>	<u>11,319</u>	
Support Services - General Administration:					
Health Benefits	23,623		23,623	23,623	
Total Support Services - General Administration	<u>23,623</u>		<u>23,623</u>	<u>23,623</u>	
Support Services - School Administration:					
Health Benefits	91,979		91,979	91,979	
Total Support Services - School Administration	<u>91,979</u>		<u>91,979</u>	<u>91,979</u>	
Support Services - Central Services:					
Health Benefits	51,135		51,135	51,135	
Total Support Services - Central Services	<u>51,135</u>		<u>51,135</u>	<u>51,135</u>	
Required Maintenance for School Facilities:					
Health Benefits	55,155		55,155	55,155	
Total Required Maintenance For School Facilities	<u>55,155</u>		<u>55,155</u>	<u>55,155</u>	
Custodial Services:					
Health Benefits	82,967		82,967	82,967	
Total Custodial Services	<u>82,967</u>		<u>82,967</u>	<u>82,967</u>	
TOTAL ALLOCATED BENEFITS	<u>1,844,379</u>	<u>(210)</u>	<u>1,844,169</u>	<u>1,707,705</u>	<u>\$ 136,464</u>

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

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Social Security Contributions	\$ 180,000	\$ 5,647	\$ 185,647	\$ 184,367	\$ 1,280
Other Retirement Contributions - PERS	182,000	(21,324)	160,676	160,676	
Other Retirement Contributions - Regular	25,500	27,000	27,000	25,796	1,204
Unemployment Compensation	71,628	(25,231)	269	269	
Workers Compensation		3,088	74,716	54,217	20,499
Health Benefits		8,464	8,464	8,464	
Other Employee Benefits	165,000	(24,323)	140,677	112,873	27,804
TOTAL UNALLOCATED BENEFITS	<u>624,128</u>	<u>(26,679)</u>	<u>597,449</u>	<u>538,198</u>	<u>59,251</u>
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				523,173	(523,173)
TPAF Pension Contributions (Non-Budgeted)				1,964,290	(1,964,290)
TPAF Non-Contributory Insurance (Non-Budgeted)				27,252	(27,252)
TPAF Long-Term Disability Insurance (Non-Budgeted)				837	(837)
Reimbursed TPAF Social Security Contributions				437,771	(437,771)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				<u>2,953,323</u>	<u>(2,953,323)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 2,468,507	\$ (26,889)	\$ 2,441,618	\$ 5,199,226	\$ (2,757,608)
TOTAL UNDISTRIBUTED EXPENDITURES	13,150,779	(71,382)	13,079,397	15,511,521	(2,432,124)
TOTAL GENERAL CURRENT EXPENSE	20,002,211	(18,269)	19,983,942	21,938,115	(1,954,173)

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

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Grades 6-8		\$ 20,442	\$ 20,442	\$ 20,442	
Undistributed:					
Undist. Expend. - Security	5,406	24,862	30,268	30,268	
Total Equipment	<u>5,406</u>	<u>60,138</u>	<u>65,544</u>	<u>50,710</u>	<u>\$ 14,834</u>
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services	26,500	83,500	110,000	62,928	47,072
Construction Services	39,425	30,492	69,917	41,917	28,000
Infrastructure	144,000	(53,406)	90,594	84,986	5,608
Assessment for Debt Service on SDA Funding	56,562		56,562	56,562	
Total Facilities Acquisition and Const. Serv.	<u>266,487</u>	<u>60,586</u>	<u>327,073</u>	<u>246,393</u>	<u>80,680</u>
Assets Acquired Under Finance Purchases (Non-Budgeted):					
Regular Programs - Equipment				331,904	(331,904)
Total Assets Acquired Under Finance Purchases (Non-Budgeted)				<u>331,904</u>	<u>(331,904)</u>
TOTAL CAPITAL OUTLAY	<u>271,893</u>	<u>120,724</u>	<u>392,617</u>	<u>629,007</u>	<u>(236,390)</u>
Transfer of Funds to Charter Schools	169,071	46,720	215,791	180,066	35,725
TOTAL EXPENDITURES	<u>20,443,175</u>	<u>149,175</u>	<u>20,592,350</u>	<u>22,747,188</u>	<u>2,154,838</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,431,671)	(149,175)	(1,580,846)	(292,670)	1,288,176

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

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources/(Uses):					
Finance Purchases (Non-Budgeted)				\$ 331,904	\$ 331,904
Total Other Financing Sources/(Uses):				331,904	331,904
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (1,431,671)	\$ (149,175)	\$ (1,580,846)	39,234	1,620,080
Fund Balance, July 1	5,531,389		5,531,389	5,531,389	
Fund Balance, June 30	\$ 4,099,718	\$ (149,175)	\$ 3,950,543	\$ 5,570,623	\$ 1,620,080
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2023-2024				\$ 790,000	
Excess Surplus - Restricted For 2024-2025				851,318	
Tuition Reserve Restricted for 2023-2024				399,000	
Tuition Reserve Restricted for 2023-2025				375,136	
Capital Reserve				1,648,100	
Maintenance Reserve				283,849	
Unemployment Compensation				185,135	
Assigned Fund Balance:					
Year End Encumbrances				61,823	
Designated for Subsequent Year's Expenditures				265,486	
Unassigned Fund Balance				710,776	
				5,570,623	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(106,599)	
Fund Balance per Governmental Funds (GAAP)				\$ 5,464,024	

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources	\$ 34,000	\$ 110,792	\$ 144,792	\$ 92,495	\$ (52,297)
State Sources		20,140	20,140	19,480	(660)
Federal Sources	148,165	249,574	397,739	285,085	(112,654)
Total Revenue	182,165	380,506	562,671	397,060	(165,611)
Expenditures:					
Instruction:					
Salaries of Teachers	12,800	24,662	37,462	19,200	18,262
Purchased Professional/Technical Services	12,788	67,872	80,660	79,210	1,450
Tuition	114,577	33,123	147,700	147,700	
General Supplies		37,647	37,647	25,820	11,827
Total Instruction	140,165	163,304	303,469	271,930	31,539
Support Services:					
Other Salaries for Instruction		27,785	27,785		27,785
Salaries of Other Professional Staff		21,457	21,457	18,232	3,225
Purchased Professional/Educational Services		47,720	47,720	47,720	
Purchased Professional/Technical Services		6,889	6,889	4,500	2,389
Other Purchased Property Services		13,480	13,480	13,480	
Supplies and Materials	18,000	(12,129)	5,871	5,215	656
Student Activities	24,000	112,000	136,000	135,374	626
Total Support Services	42,000	217,202	259,202	176,801	82,401
Total Expenditures	\$ 182,165	\$ 380,506	\$ 562,671	\$ 448,731	\$ 113,940
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ (51,671)	\$ (51,671)

MORRIS PLAINS BOROUGH 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	\$ 22,454,518	\$ 397,060
Differences - Budgetary to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		
Current Year Encumbrances -Federal Grants		(373)
Prior Year Encumbrances - Local Grants		7,415
Prior Year Encumbrances Cancelled - Local Grants		(820)
Prior Year State Aid Payment Recognized for GAAP Statements	91,209	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(106,599)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 22,439,128	\$ 403,282
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 22,747,188	\$ 448,731
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		
Current Year Encumbrances -Federal Grants		(373)
Prior Year Encumbrances - Local Grants		7,415
Prior Year Encumbrances Cancelled - Local Grants		(820)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 22,747,188	\$ 454,953

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

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

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

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

	Student Activities	Local Grants	Climate Awareness	Emergent and Capital Maintenance Needs	Basic	IDEA	Preschool
REVENUE:							
Local Sources	\$ 83,703	\$ 8,792					
State Sources			\$ 6,000	\$ 13,480	\$ 147,700	\$	6,488
Federal Sources							
Total Revenue	83,703	8,792	6,000	13,480	147,700		6,488
EXPENDITURES:							
Instruction:							
Salaries of Teachers							
Purchased Professional-Technical Services			4,500		147,700		6,488
Tuition		8,792					
General Supplies							
Total Instruction		8,792	4,500		147,700		6,488
Support Services:							
Salaries of Other Professional Staff							
Purchased Professional/Technical Services			1,500				
Other Purchase Property Services				13,480			
Supplies and Materials							
Student Activities	135,374						
Total Support Services	135,374		1,500	13,480			
Total Expenditures	\$ 135,374	\$ 8,792	\$ 6,000	\$ 13,480	\$ 147,700	\$	6,488

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

	COVID 19 - CRRSA		COVID 19 - American Rescue Plan			
	ESSEER II	Learning Acceleration	Accelerated Learning and Support	NJTSS Mental Health Support	Summer Learning and Enrichment	Beyond the School Day
REVENUE:						
Local Sources						
State Sources						
Federal Sources	\$ 8,742	\$ 4,775	\$ 15,270	\$ 45,000	\$ 5,454	\$ 16,599
Total Revenue	<u>8,742</u>	<u>4,775</u>	<u>15,270</u>	<u>45,000</u>	<u>5,454</u>	<u>16,599</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional-Technical Services		1,990	15,270	45,000	4,373	4,109
Tuition						
General Supplies		2,785			1,081	
Total Instruction		<u>4,775</u>	<u>15,270</u>	<u>45,000</u>	<u>5,454</u>	<u>4,109</u>
Support Services:						
Salaries of Other Professional Staff	8,742					9,490
Purchased Professional/Technical Services						3,000
Other Purchase Property Services						
Supplies and Materials						
Student Activities						
Total Support Services	<u>8,742</u>					<u>12,490</u>
Total Expenditures	<u>\$ 8,742</u>	<u>\$ 4,775</u>	<u>\$ 15,270</u>	<u>\$ 45,000</u>	<u>\$ 5,454</u>	<u>\$ 16,599</u>

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

	No Child Left Behind				
	Title I	Title IIA	Title III	Title IV	Totals
REVENUE:					
Local Sources					\$ 92,495
State Sources	26,340	\$ 3,968	\$ 2,500	\$ 2,249	19,480
Federal Sources					285,085
Total Revenue	<u>26,340</u>	<u>3,968</u>	<u>2,500</u>	<u>2,249</u>	<u>397,060</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	19,200				19,200
Purchased Professional-Technical Services		3,968			79,210
Tuition	3,765		2,500	409	147,700
General Supplies					25,820
Total Instruction	<u>22,965</u>	<u>3,968</u>	<u>2,500</u>	<u>409</u>	<u>271,930</u>
Support Services:					
Salaries of Other Professional Staff					18,232
Purchased Professional/Technical Services					4,500
Other Purchase Property Services	3,375			1,840	13,480
Supplies and Materials					5,215
Student Activities					135,374
Total Support Services	<u>3,375</u>			<u>1,840</u>	<u>176,801</u>
Total Expenditures	<u>\$ 26,340</u>	<u>\$ 3,968</u>	<u>\$ 2,500</u>	<u>\$ 2,249</u>	<u>\$ 448,731</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOT APPLICABLE

CAPITAL PROJECTS FUND

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Revenue:	
Bond Proceeds	\$ 9,498,000
Interest Earned	59,577
Total Revenues	<u>9,557,577</u>
Expenditures:	
Purchased Professional and Technical Services	82,496
Construction Services	589,749
Total Expenditures	<u>672,245</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	8,885,332
Other Financing Sources/(Uses):	
Transfers Out - Debt Service Fund	<u>(59,577)</u>
Total Other Financing Sources/(Uses)	<u>(59,577)</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	8,825,755
Fund Balance - Beginning Balance	<u>341,776</u>
Fund Balance - Ending Balance	<u>\$ 9,167,531</u>
<u>Recapitulation:</u>	
Restricted - Encumbrances	\$ 622,646
Restricted Fund Balance	8,544,885
	<u>\$ 9,167,531</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
2017 REFERENDUM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 6,242,000		\$ 6,242,000	\$ 6,242,000
Total Revenue and Other Financing Sources	<u>6,242,000</u>		<u>6,242,000</u>	<u>6,242,000</u>
Expenditures:				
Construction Services	5,900,224	\$ 121,453	6,021,677	6,242,000
Total Expenditures	<u>5,900,224</u>	<u>121,453</u>	<u>6,021,677</u>	<u>6,242,000</u>
Excess/Deficiency of Revenue and Other Financing Sources Over/Under Expenditures	<u>\$ 341,776</u>	<u>\$ (121,453)</u>	<u>\$ 220,323</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
Bond Authorization Date	9/27/2017
Bonds Authorized	\$ 6,242,000
Additional Bonds Authorized	N/A
Bonds Issued	\$ 6,242,000
Original Authorized Cost	\$ 6,242,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	96.47%
Original Target Completion Date	06/30/19
Revised Target Completion Date	06/30/24

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
2023 REFERENDUM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
Bond Proceeds		\$ 9,498,000	\$ 9,498,000	\$ 9,498,000
Total Revenue and Other Financing Sources		9,498,000	9,498,000	9,498,000
Expenditures:				
Purchased Professional and Technical Services		82,496	82,496	82,636
Construction Services		468,296	468,296	9,415,364
Total Expenditures		550,792	550,792	9,498,000
Excess/Deficiency of Revenue and Other Financing Sources Over/Under Expenditures	\$ -0-	\$ 8,947,208	\$ 8,947,208	\$ -0-

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
Bond Authorization Date	3/14/2023
Bonds Authorized	\$ 9,498,000
Additional Bonds Authorized	N/A
Bonds Issued	\$ 9,498,000
Original Authorized Cost	\$ 9,498,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	4.97%
Original Target Completion Date	06/30/25

PROPRIETARY FUNDS

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 77,148
Intergovernmental Accounts Receivable:	
Federal	3,369
State	171
Interfund Accounts Receivable:	
General Fund	25,276
Inventories	6,782

Total Current Assets	<u>112,746</u>
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Non-Current Assets:

Capital Assets	79,208
Less: Accumulated Depreciation	<u>(60,814)</u>

Total Non-Current Assets	<u>18,394</u>
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Total Assets	<u>131,140</u>
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LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors	7,565
Unearned Revenue - Supply Chain Assistance	26,825
Unearned Revenue - Prepaid Sales	3,764
Unearned Revenue - Donated Commodities	4,379

Total Current Liabilities	<u>42,533</u>
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NET POSITION:

Investment in Capital Assets	18,394
Unrestricted	<u>70,213</u>

Total Net Position	<u>\$ 88,607</u>
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MORRIS PLAINS BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 85,609
Daily Sales - Non-Reimbursable Programs	25,218
	<hr/>
Total Operating Revenue	110,827
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	62,179
Cost of Sales - Non-Reimbursable Programs	24,067
Salaries, Benefits & Payroll Taxes	75,433
Supplies, Insurance & Other Costs	8,317
Management Fee	10,000
Depreciation Expense	2,321
	<hr/>
Total Operating Expenses	182,317
	<hr/>
Operating Loss	(71,490)
Non-Operating Income:	
Local Sources:	
Interest Income	879
State Sources:	
School Lunch Program	2,613
Federal Sources:	
National School Lunch Program	50,401
COVID 19 - Supply Chain Assistance Program	13,704
Food Distribution Program	13,645
	<hr/>
Total Non-Operating Income	81,242
	<hr/>
Change in Net Position	9,752
Net Position - Beginning of Year	78,855
	<hr/>
Net Position - End of Year	\$ 88,607
	<hr/> <hr/>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 110,827
Payments to Employees	(75,433)
Payments to Food Service Vendor	(91,141)
Payments to Suppliers	(8,317)
	<u>(64,064)</u>
Net Cash (Used for) Operating Activities	
Cash Flows Provided for Investing Activities:	
Interest Income	879
	<u>879</u>
Net Cash Provided by Investing Activities	
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(7,090)
	<u>(7,090)</u>
Net Cash (Used for) Capital and Related Financing Activities	
Cash Flows from Noncapital Financing Activities:	
State Sources	2,924
Federal Sources	108,526
Interfund - General Fund	29,876
	<u>141,326</u>
Net Cash Provided by Noncapital Financing Activities	
Net Increase in Cash and Cash Equivalents	71,051
Cash and Cash Equivalents, July 1	6,097
Cash and Cash Equivalents, June 30	<u>\$ 77,148</u>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (71,490)
Adjustment to Reconcile Operating (Loss) to Net Cash (Used for) Operating Activities:	
Depreciation	2,321
Food Distribution Program	13,645
Changes in Assets and Liabilities:	
(Increase) in Inventory	(1,214)
(Decrease) In Unearned Revenue - Prepaid Sales	(2,498)
Increase in Unearned Revenue - Donated Commodities	2,947
(Decrease) in Accounts Payable	(7,775)
	<u>(64,064)</u>
Net Cash (Used for) Operating Activities	
	<u>\$ (64,064)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities through the Food Distribution Program valued at \$16,592 and Utilized Commodities Valued at \$13,645.

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM LIABILITIES

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance June 30, 2022	Issued	Retired or Matured	Balance June 30, 2023
			Date	Amount					
Refunding School Bonds	06/01/11	\$ 4,470,000			5.000%	\$ 450,000		\$ 450,000	
			07/15/23	400,000	3.000%				
			07/15/24	415,000	3.000%				
			07/15/25	425,000	3.000%				
			07/15/26	440,000	3.000%				
			07/15/27	450,000	3.000%				
			07/15/28	465,000	3.125%				
			07/15/29	480,000	3.125%				
			07/15/30	495,000	3.250%				
			07/15/31	510,000	3.250%	4,470,000			
Various Improvements to Borough Schools	04/19/23	9,498,000	05/01/24	303,000	2.75%				
			05/01/25	345,000	3.00%				
			05/01/26	300,000	3.00%				
			05/01/27	300,000	3.00%				
			05/01/28	315,000	3.00%				
			05/01/29	325,000	3.00%				
			05/01/30	330,000	3.00%				
			05/01/31	340,000	3.00%				
			05/01/32	340,000	3.00%				
			05/01/33	600,000	3.00%				
			05/01/34	600,000	3.00%				
			05/01/35	600,000	3.13%				
			05/01/36	600,000	3.25%				
05/01/37	600,000	3.38%							
05/01/38	600,000	3.50%							
05/01/39	600,000	3.63%							
05/01/40	600,000	3.75%							
05/01/41	600,000	4.00%							
05/01/42	600,000	4.00%							
05/01/43	600,000	4.00%							
						\$ 9,498,000		\$ 9,498,000	
						\$ 4,920,000		\$ 840,000	\$ 13,578,000

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2022</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2023</u>
Chromebooks	3.10%	\$ 358,038	\$ 179,132		\$ 88,552	\$ 90,580
Technology Equipment	3.00%	331,904		\$ 331,904	70,359	261,545
			<u>\$ 179,132</u>	<u>\$ 331,904</u>	<u>\$ 158,911</u>	<u>\$ 352,125</u>

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2022</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2023</u>
Xerox Copiers	3.10%	\$ 15,847	\$ 11,858		\$ 3,102	\$ 8,756
Xerox Copiers	3.10%	185,976	174,453		35,290	139,163
Board Office Lease	3.00%	254,176	159,220		39,829	119,391
			<u>\$ 345,531</u>	<u>\$ -0-</u>	<u>\$ 78,221</u>	<u>\$ 267,310</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
LONG-TERM LIABILITES
SCHEDULE OF OBLIGATIONS SUBSCRIPTION-BASED INFORMATION
TECHNOLOGY ARRANGEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOT APPLICABLE

MORRIS PLAINS BOROUGH 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	\$ 813,748		\$ 813,748	\$ 813,748	
State Sources:					
Debt Service Aid Type II	177,461		177,461	177,461	
Total Revenues	991,209		991,209	991,209	
EXPENDITURES:					
Regular Debt Service:					
Interest	154,444		154,444	154,444	
Redemption of Principal	840,000		840,000	840,000	
Total Regular Debt Service	994,444		994,444	994,444	
Total Expenditures	994,444		994,444	994,444	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(3,235)		(3,235)	(3,235)	
Other Financing Sources:					
Transfers In - Capital Projects Fund- Interest				59,577	\$ 59,577
Total Other Financing Sources				59,577	\$ 59,577
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(3,235)		(3,235)	56,342	59,577
Fund Balance, July 1	5,829		5,829	5,829	
Fund Balance, June 30	\$ 2,594	\$ -0-	\$ 2,594	\$ 62,171	\$ 59,577
<u>Recapitulation of Fund Balance:</u>					
Restricted for Subsequent Year's Expenditures				\$ 2,594	
Restricted				\$ 59,577	
				\$ 62,171	

STATISTICAL SECTION
UNAUDITED

This part of the School’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 School’s overall financial health.

Contents

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.	J-16 thru J-20

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net Investment in Capital Assets	\$ 11,443,546	\$ 11,962,473	\$ 12,246,143	\$ 12,692,104	\$ 13,000,985	\$ 13,302,968	\$ 13,676,743	\$ 13,162,492	\$ 12,989,393	\$ 13,052,868
Restricted	1,758,329	2,471,676	2,954,975	2,588,370	2,718,589	3,313,077	3,287,933	3,235,590	4,431,768	4,875,222
Unrestricted/(Deficit)	(1,600,072)	(2,108,562)	(2,251,451)	(2,415,185)	(2,384,597)	(2,458,730)	(2,116,281)	(1,882,082)	(1,478,836)	(1,348,054)
Total Governmental Activities Net Position	\$ 11,601,803	\$ 12,325,587	\$ 12,949,667	\$ 12,865,289	\$ 13,334,977	\$ 14,157,315	\$ 14,848,395	\$ 14,516,000	\$ 15,942,325	\$ 16,580,036
Business-Type Activities										
Investment in Capital Assets	\$ 23,318	\$ 18,652	\$ 15,112	\$ 23,412	\$ 19,533	\$ 18,632	\$ 17,731	\$ 17,010	\$ 13,625	\$ 18,394
Unrestricted	14,108	12,919	9,752	10,714	8,512	17,233	967	20,702	65,231	70,213
Total Business-Type Activities Net Position	\$ 37,426	\$ 31,571	\$ 24,864	\$ 34,126	\$ 28,045	\$ 35,865	\$ 18,698	\$ 37,712	\$ 78,856	\$ 88,607
District-Wide										
Net Investment in Capital Assets	\$ 11,466,864	\$ 11,981,125	\$ 12,261,255	\$ 12,715,516	\$ 13,020,518	\$ 13,321,600	\$ 13,694,474	\$ 13,179,502	\$ 13,003,018	\$ 13,071,262
Restricted	1,758,329	2,471,676	2,954,975	2,588,370	2,718,589	3,313,077	3,287,933	3,235,590	4,431,768	4,875,222
Unrestricted/(Deficit)	(1,585,964)	(2,095,643)	(2,241,699)	(2,404,471)	(2,376,085)	(2,441,497)	(2,115,314)	(1,861,380)	(1,413,605)	(1,277,841)
Total District Net Position	\$ 11,639,229	\$ 12,357,158	\$ 12,974,531	\$ 12,899,415	\$ 13,363,022	\$ 14,193,180	\$ 14,867,093	\$ 14,553,712	\$ 16,021,181	\$ 16,668,643

MORRIS PLAINS BOROUGH 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	\$ 4,443,456	\$ 5,168,959	\$ 5,904,917	\$ 6,309,797	\$ 7,252,349	\$ 7,108,223	\$ 6,864,703	\$ 7,422,698	\$ 6,535,068	\$ 6,890,116
Special Education	1,387,168	1,880,116	2,033,797	2,441,312	2,209,507	1,767,664	1,773,076	1,588,062	2,050,684	2,151,726
Other Instruction	277,576	308,633	438,998	458,758	503,797	509,288	497,189	458,364	571,080	450,730
Support Services:										
Tuition	4,673,662	4,727,473	4,319,777	4,512,658	4,977,045	5,186,563	5,813,433	5,732,126	4,710,074	5,040,526
Student & Instruction Related Services	1,477,922	1,467,110	1,669,864	1,749,831	1,482,176	1,563,648	1,687,126	1,876,443	2,174,948	2,169,271
General and Business Administrative Services	361,504	372,336	431,732	492,622	526,262	529,941	489,169	439,217	507,550	503,178
School Administrative Services	458,597	539,080	565,157	684,924	729,600	668,636	680,986	809,599	792,945	635,362
Central Services	312,066	333,638	324,724	354,387	367,261	389,835	372,338	382,768	463,656	420,025
Administrative Information Technology	32,286	30,863	7,194	11,753	113,637	120,496	75,445	66,284	69,987	35,028
Plant Operations And Maintenance	1,148,966	1,143,834	1,101,142	1,208,502	1,084,206	1,141,241	1,108,983	1,187,284	1,385,650	1,393,825
Pupil Transportation	747,381	733,951	748,157	852,765	950,618	944,365	1,057,659	990,661	918,337	1,085,022
Interest On Long-Term Debt	152,529	140,297	125,363	210,353	274,171	243,933	212,284	179,953	148,084	164,627
Unallocated Depreciation	394,877	394,877	391,815	558,737	405,038	410,106	410,106	1,316,876	1,018,122	888,351
Capital Outlay	80,562	56,562	56,562	143,482	15,655	56,562	56,562	137,041	79,411	56,562
Charter Schools	57,404	37,483	66,386	92,960	114,316	97,200	191,920	210,707	129,944	180,066
Total Governmental Activities Expenses	16,005,956	17,335,212	18,185,585	20,082,841	21,005,638	20,737,701	21,290,979	22,798,083	21,555,540	22,064,415
Business-Type Activities:										
Food Service	134,253	128,552	119,095	105,046	126,300	115,679	114,368	141,838	215,728	182,317
Total Business-Type Activities Expense	134,253	128,552	119,095	105,046	126,300	115,679	114,368	141,838	215,728	182,317
Total District Expenses	\$ 16,140,209	\$ 17,463,764	\$ 18,304,680	\$ 20,187,887	\$ 21,131,938	\$ 20,853,380	\$ 21,405,347	\$ 22,939,921	\$ 21,771,268	\$ 22,246,732
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 63,807	\$ 73,704	\$ 175,851	\$ 126,687	\$ 140,969	\$ 216,942	\$ 206,343	\$ 90,266	\$ 82,820	\$ 93,421
Student & Instruction Related Services	1,470,035	2,428,623	2,910,463	3,688,320	4,396,740	3,731,898	3,394,228	40,576	101,736	3,020,226
Operating Grants and Contributions				141,669				3,732,722	3,879,470	83,703
Capital Grants and Contributions										
Total Governmental Activities Program Revenues	1,533,842	2,502,327	3,086,314	3,956,676	4,537,709	3,948,840	3,600,571	3,863,564	4,064,026	3,197,350

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-Type Activities:										
Charges for Services:										
Food Service	103,735	94,622	86,499	82,291	82,904	81,945	53,565	4,001		110,827
Operating Grants and Contributions	33,085	28,014	25,837	31,935	37,156	41,330	39,273	123,895	257,303	80,363
Total Business Type Activities Program Revenues	136,820	122,636	112,336	114,226	120,060	123,275	92,838	127,896	257,303	191,190
Total District Program Revenues	\$ 1,670,662	\$ 2,624,963	\$ 3,198,650	\$ 4,070,902	\$ 4,657,769	\$ 4,072,115	\$ 3,693,409	\$ 3,991,460	\$ 4,321,329	\$ 3,388,540
Net (Expense)/Revenue										
Governmental Activities	\$ (14,472,114)	\$ (14,832,885)	\$ (15,099,271)	\$ (16,126,165)	\$ (16,467,929)	\$ (16,788,861)	\$ (17,690,408)	\$ (18,934,519)	\$ (17,491,514)	\$ (18,867,065)
Business-Type Activities	2,567	(5,916)	(6,759)	9,180	(6,240)	7,596	(21,530)	(13,942)	41,575	8,873
Total District-Wide Net Expense	\$ (14,469,547)	\$ (14,838,801)	\$ (15,106,030)	\$ (16,116,985)	\$ (16,474,169)	\$ (16,781,265)	\$ (17,711,938)	\$ (18,948,461)	\$ (17,449,939)	\$ (18,858,192)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 14,161,717	\$ 14,444,951	\$ 14,661,625	\$ 14,954,858	\$ 15,253,955	\$ 15,961,667	\$ 16,545,423	\$ 16,954,830	\$ 17,293,927	\$ 17,639,806
Taxes Levied for Debt Service	529,312	543,350	538,550	533,350	871,762	850,313	802,005	816,025	783,217	813,748
Unrestricted Grants and Contributions	487,755	433,325	442,368	472,400	715,228	705,347	689,846	730,338	748,696	835,103
Investment Earnings	7,582	12,616	10,153	20,806	43,319	40,194	35,677	7,096	8,592	102,949
Miscellaneous Income	96,674	122,427	70,655	60,373	53,353	53,678	62,151	189,387	83,407	113,170
Transfers/Other Items							(4,220)	(32,937)		
Total Governmental Activities	15,283,040	15,556,669	15,723,351	16,041,787	16,937,617	17,611,199	18,130,882	18,664,739	18,917,839	19,504,776
Business-Type Activities:										
Investment Earnings	54	61	52	82	159	224	143	18	41	879
Transfers/Other Items							4,220	32,937	(472)	
Total Business-Type Activities	54	61	52	82	159	224	4,363	32,955	(431)	879
Total District-Wide	\$ 15,283,094	\$ 15,556,730	\$ 15,723,403	\$ 16,041,869	\$ 16,937,776	\$ 17,611,423	\$ 18,135,245	\$ 18,697,694	\$ 18,917,408	\$ 19,505,655
Change in Net Position										
Governmental Activities	810,926	723,784	624,080	(84,378)	469,688	822,338	440,474	(269,780)	1,426,325	637,711
Business-Type Activities	2,621	(5,855)	(6,707)	9,262	(6,081)	7,820	(17,167)	19,013	41,144	9,752
Total District	\$ 813,547	\$ 717,929	\$ 617,373	\$ (75,116)	\$ 463,607	\$ 830,158	\$ 423,307	\$ (250,767)	\$ 1,467,469	\$ 647,463

Source: School District Financial Reports

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ 1,758,329	\$ 2,471,677	\$ 2,954,975	\$ 2,567,564	\$ 2,644,430	\$ 3,223,740	\$ 2,974,982	\$ 3,121,410	\$ 4,314,078	\$ 4,532,538
Assigned	191,621	427,209	168,030	314,104	342,475	318,382	533,226	287,445	237,459	327,309
Unassigned	535,244	246,366	440,582	488,567	538,780	507,526	533,321	885,486	888,643	604,177
Total General Fund	\$ 2,485,194	\$ 3,145,252	\$ 3,563,587	\$ 3,370,235	\$ 3,525,685	\$ 4,049,648	\$ 4,041,529	\$ 4,294,341	\$ 5,440,180	\$ 5,464,024
All Other Governmental Funds										
Restricted	\$ 336,800	\$ 32,500	\$ 23,722	\$ 5,428,167	\$ 2,120,766	\$ 903,190	\$ 706,470	\$ 724,805	\$ 459,466	\$ 9,289,892
Committed										
Total All Other Governmental Funds	\$ 336,800	\$ 32,500	\$ 23,722	\$ 5,428,167	\$ 2,120,766	\$ 903,190	\$ 706,470	\$ 724,805	\$ 459,466	\$ 9,289,892
Total Governmental Funds:										
Restricted	\$ 1,758,329	\$ 2,471,677	\$ 2,954,975	\$ 7,995,731	\$ 4,765,196	\$ 4,126,930	\$ 3,681,452	\$ 3,846,215	\$ 4,773,544	\$ 13,822,430
Committed	336,800	32,500	23,722							
Assigned	191,621	427,209	168,030	314,104	342,475	318,382	533,226	287,445	237,459	327,309
Unassigned	535,244	246,366	440,582	488,567	538,780	507,526	533,321	885,486	888,643	604,177
Total Governmental Funds	\$ 2,821,994	\$ 3,177,752	\$ 3,587,309	\$ 8,798,402	\$ 5,646,451	\$ 4,952,838	\$ 4,747,999	\$ 5,019,146	\$ 5,899,646	\$ 14,753,916

Source: School District Financial Reports

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

LAST TEN FISCAL YEARS
UNAUDITED

(modified accrual basis of accounting)

Fiscal Year Ending June 30,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax Levy	\$ 14,691,029	\$ 14,988,301	\$ 15,200,175	\$ 15,488,208	\$ 16,125,717	\$ 16,811,980	\$ 17,347,428	\$ 17,770,855	\$ 18,077,144	\$ 18,453,554
Tuition Charges	63,807	73,704	175,851	126,687	23,867	216,942	206,343	90,266	82,820	93,421
Interest Earned on Capital Reserve Funds					117,102	5,483	10,273	1,810	1,252	5,286
Miscellaneous	142,204	165,823	88,357	94,100	122,927	96,389	87,555	235,249	203,413	309,923
State Sources	1,734,024	1,806,254	1,976,083	2,322,749	2,749,885	3,069,759	3,139,963	3,644,888	4,405,717	4,717,637
Federal Sources	185,818	168,020	181,847	167,295	150,799	163,140	162,248	253,179	455,361	313,375
Total Revenue	16,816,882	17,202,102	17,622,313	18,199,039	19,290,297	20,363,693	20,953,810	21,996,247	23,225,707	23,893,196
Expenditures:										
Instruction:										
Regular Instruction	3,210,893	3,347,273	3,617,749	3,430,011	3,701,597	3,950,175	4,032,284	4,346,534	4,649,093	4,867,797
Special Education Instruction	1,055,349	1,201,399	1,232,179	1,344,195	1,231,958	1,144,352	1,079,407	964,101	1,248,639	1,483,941
School Sponsored/Other Instruction	201,554	194,545	259,094	247,550	305,226	282,012	290,857	283,110	319,259	380,955
Support Services:										
Tuition	4,673,662	4,727,473	4,319,777	4,512,658	4,977,045	5,186,563	5,813,433	5,732,126	4,710,074	5,040,526
Student & Instruction Related Services	1,350,286	1,304,982	1,446,812	1,462,409	1,252,319	1,250,656	1,403,142	1,583,261	1,678,506	1,831,737
General And Business Administrative Services	372,092	385,540	439,352	423,168	458,980	445,291	422,654	377,952	388,551	468,479
School Administrative Services	299,931	312,891	310,791	337,507	343,487	343,490	375,182	399,661	397,319	339,469
Central Services	254,551	276,511	259,958	278,036	292,317	293,326	295,326	311,975	324,067	356,036
Administrative Information Technology	32,286	30,863	7,194	11,753	91,617	93,012	61,606	57,976	67,844	71,808
Plant Operations And Maintenance	1,022,033	1,031,131	966,886	1,053,533	938,195	968,473	966,013	1,050,811	1,160,516	1,254,592
Pupil Transportation	747,381	733,667	748,157	852,765	950,618	944,365	1,057,659	990,661	918,337	1,085,022
Allocated and Unallocated Benefits	2,125,135	2,268,227	2,653,352	2,970,452	3,300,000	3,706,180	3,824,707	4,194,830	4,927,049	5,199,226
Debt Service:										
Principal	365,000	370,000	380,000	390,000	722,000	765,000	780,000	795,000	815,000	840,000
Interest And Other Charges	184,300	173,350	158,550	143,350	326,979	283,006	252,369	220,244	187,744	154,444
Capital Outlay	235,468	451,009	346,519	1,679,599	3,435,594	1,304,315	307,870	423,820	609,242	1,314,732
Charter Schools	57,404	37,483	66,386	92,960	114,316	97,200	191,920	210,707	129,944	180,066
Total Expenditures	16,187,325	16,846,344	17,212,756	19,229,946	22,442,248	21,057,306	21,154,429	21,942,769	22,531,184	24,868,830
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	629,557	355,758	409,557	(1,030,907)	(3,151,951)	(693,613)	(200,619)	53,478	694,523	(975,634)
Other Financing Sources (Uses)										
Leases (Non-Budgeted)									185,976	331,904
Finance Purchases Payable (Non-Budgeted)				6,242,000						9,498,000
Bond Proceeds										59,577
Transfers In	336,800	25,800	25,800	791,183	53,353	35,983	26,361	3,235	2,594	(59,577)
Transfers Out	(336,800)	(25,800)	(25,800)	(791,183)	(53,353)	(35,983)	(30,581)	(36,172)	(2,594)	(59,577)
Total Other Financing Sources (Uses)				6,242,000			(4,220)		183,976	9,829,904
Net Change In Fund Balances	\$ 629,557	\$ 355,758	\$ 409,557	\$ 5,211,093	\$ (3,151,951)	\$ (693,613)	\$ (204,839)	\$ 20,541	\$ 880,499	\$ 8,854,270
Debt Service As A Percentage Of Noncapital Expenditures	3.44%	3.31%	3.18%	3.03%	5.50%	5.29%	4.94%	4.71%	4.56%	4.21%

Source: School District Financial Reports

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

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Prior Year Refunds	Other	Total
2014	\$ 7,582	\$ 63,807	\$ 51,938	\$ 44,736	\$ 168,063
2015	12,616	73,704	98,519	23,908	208,747
2016	10,153	175,851	65,827	4,828	256,659
2017	14,222	126,687	31,050	15,101	187,060
2018	26,536	140,969	1,040	15,742	184,288
2019	40,194	216,942	5,139	12,556	274,831
2020	35,677	206,343	17,796	11,809	271,625
2021	7,440	90,266	41,907	138,871 *	278,484
2022	5,998	82,820	58,917	24,490	172,225
2023	43,372	93,421		113,170	249,963

* - Includes an insurance refund

Source: Morris Plains Borough School District records

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

Year Ended December 31,	Vacant Land		Residential	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2013	\$ 10,647,500	\$ 868,739,400	\$ 410,971,500	\$ 59,415,000	\$ 21,950,000	1,371,723,400	\$ 66,845,600	\$ 93	\$ 1,371,723,493	\$ 1.062	\$ 1,481,912,270	
2014	8,887,600	874,748,000	395,310,000	47,590,000	21,950,000	1,348,485,600	66,845,600	89	1,348,485,689	1.100	1,470,558,402	
2015	9,046,500	874,850,100	389,508,600	47,590,000	21,950,000	1,342,945,200	64,684,000	89	1,342,945,289	1.124	1,470,558,402	
2016	8,005,400	874,540,800	426,024,100	47,590,000	21,950,000	1,378,110,300	65,491,200	89	1,378,110,389	1.113	1,446,892,700	
2017	7,255,000	876,719,800	424,884,500	47,590,000	21,950,000	1,378,399,300	68,493,000	89	1,378,399,300	1.165	1,479,276,731	
2018	7,355,200	877,371,900	426,432,800	47,590,000	21,950,000	1,380,699,900	68,839,400		1,380,699,900	1.165	1,498,726,966	
2019	69,176,700	879,158,500	331,448,800	32,676,000	69,450,000	1,381,910,000	69,222,600		1,381,910,000	1.231	1,596,184,686	
2020	68,641,800	881,406,600	330,104,300	35,540,000	69,450,000	1,385,142,700	69,045,000		1,385,142,700	1.268	1,533,255,817	
2021	71,948,500	880,930,400	318,877,900	35,540,000	69,450,000	1,376,746,800	69,142,300		1,376,746,800	1.302	1,563,545,425	
2022	61,290,000	887,605,500	306,593,700	39,799,000	75,880,000	1,371,168,200	69,477,700		1,371,168,200	1.346	1,628,759,506	

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

Reassessment occurs when ordered by the County Board of Taxation

- a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
- b Tax rates are \$100 per assessed value

Source: Municipal Tax Assessor

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

Year Ended December 31,	Morris Plains Borough School District						Total Direct and Overlapping Tax Rate
	Direct Rate			Overlapping Rates			
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Municipality	Morris County		
2013	\$ 1.024	0.038	\$ 1.062	\$ 0.723	\$ 0.267	\$ 2.052	
2014	1.060	0.040	1.100	0.749	0.279	2.128	
2015	1.084	0.040	1.124	0.723	0.267	2.114	
2016	1.073	0.040	1.113	0.761	0.268	2.142	
2017	1.102	0.063	1.165	0.776	0.279	2.220	
2018	1.106	0.059	1.165	0.791	0.245	2.201	
2019	1.174	0.057	1.231	0.809	0.301	2.341	
2020	1.210	0.058	1.268	0.831	0.301	2.400	
2021	1.246	0.056	1.302	0.852	0.295	2.449	
2022	1.286	0.059	1.346	0.841	0.305	2.492	

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

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

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

Source: Municipal Tax Collector and School Business Administrator

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

BOROUGH OF MORRIS PLAINS

	2023		2014		Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	% of Total District Net Assessed Value
	Taxpayer	Taxable Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value				
Tabor Road Owner, LLC		\$ 47,992,000		3.50%	Mc Neil - PPC Inc. \$	\$ 145,000,000	10.57%	
Mack-Cali Realty Corp		47,500,000		3.46%	Vornado Realty Trust	31,100,000	2.27%	
Morris Plains Holding UE L.L.C.		34,450,000		2.51%	Individual Taxpayer #1	28,400,000	2.07%	
Tabor Road Owner, LLC		25,000,000		1.82%	Forty East Hanover LLC	21,950,000	1.60%	
Forty East Hanover LLC		21,950,000		1.60%	Mack-Cali Realty Corp	20,200,000	1.47%	
US Home Corp LLC		18,457,000		1.35%	WU LH 100 American LLC	19,050,000	1.39%	
SHP VI Morris Plains LLC		17,670,000		1.29%	P.M.W. Associates LLC	18,000,000	1.31%	
WU/LH 100 American LLC		17,194,300		1.25%	WU LH 500 American LLC	17,600,000	1.28%	
WU/LH 500 American LLC		16,097,300		1.17%	Stop & Shop Supermarket Co.	16,500,000	1.20%	
M&M at Morris Plains LLC		15,187,500		1.11%	M&M At Morris Plains LLC	16,350,000	1.19%	
Total		\$ 261,498,100		19.07%		\$ 334,150,000	24.36%	

Source: Municipal Tax Assessor

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2014	\$ 14,691,029	\$ 14,691,029	100.00%	-0-
2015	14,988,301	14,988,301	100.00%	-0-
2016	15,200,175	15,200,175	100.00%	-0-
2017	15,488,208	15,488,208	100.00%	-0-
2018	16,125,717	16,125,717	100.00%	-0-
2019	16,811,980	16,811,980	100.00%	-0-
2020	17,347,428	17,347,428	100.00%	-0-
2021	17,770,855	16,287,954	91.66%	\$ 1,482,901
2022	18,077,144	18,077,144	100.00%	-0-
2023	18,453,554	18,453,554	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Financed Purchases/ Leases			
2014	\$ 3,695,000	\$ 141,268	\$ 3,836,268	0.82%	\$ 688
2015	3,325,000	71,116	3,396,116	0.69%	610
2016	2,945,000		2,945,000	0.58%	531
2017	8,797,000		8,797,000	1.70%	1,593
2018	8,075,000		8,075,000	1.41%	1,369
2019	7,310,000		7,310,000	1.18%	1,169
2020	6,530,000		6,530,000	1.03%	1,049
2021*	5,735,000	277,060	6,012,060	0.91%	980
2022	4,920,000	179,132	5,099,132	0.77%	830
2023	13,578,000	352,125	13,930,125	2.10%	2,267

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 3,695,000	-0-	\$ 3,695,000	0.26%	\$ 663
2015	3,325,000	-0-	3,325,000	0.24%	597
2016	2,945,000	-0-	2,945,000	0.22%	531
2017	8,797,000	-0-	8,797,000	0.66%	1,593
2018	8,075,000	-0-	8,075,000	0.59%	1,369
2019	7,310,000	-0-	7,310,000	0.53%	1,169
2020	6,530,000	-0-	6,530,000	0.47%	1,049
2021	5,735,000	-0-	5,735,000	0.41%	935
2022	4,920,000	-0-	4,920,000	0.36%	801
2023	13,578,000		13,578,000	0.99%	2,210

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

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

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

Source: School District Financial Reports

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 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:			
Borough of Morris Plains	\$ 11,919,221	100.00%	\$ 11,919,221
Morris County General Obligation Debt	253,387,955	1.57% ^a	<u>3,980,383</u>
Subtotal, Overlapping Debt			15,899,604
Morris Plains School District Direct Debt			<u>4,920,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 20,819,604</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2023

		Morris Plains	
		Borough	
	Equalized valuation basis		
	2022	\$ 1,630,596,028	
	2021	1,624,096,732	
	2020	1,561,780,020	
		<u>\$ 4,816,472,780</u>	
	Average Equalized Valuation of Taxable Property	\$ 1,605,490,927	
	Debt Limit (3% of average equalization value) ^a	\$ 48,164,728	
	Net Bonded School Debt as of June 30, 2023	13,578,000	
	Legal Debt Margin	<u>\$ 34,586,728</u>	

Fiscal Year June 30,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 43,973,935	\$ 43,973,935	\$ 43,328,464	\$ 43,607,319	\$ 43,607,319	\$ 45,347,453	\$ 45,854,826	\$ 46,627,184	\$ 45,972,770	\$ 48,164,728
Total Net Debt Applicable to Limit	<u>3,695,000</u>	<u>3,325,000</u>	<u>2,945,000</u>	<u>8,797,000</u>	<u>8,075,000</u>	<u>7,310,000</u>	<u>6,530,000</u>	<u>5,735,000</u>	<u>4,920,000</u>	<u>13,578,000</u>
Legal Debt Margin	<u>\$ 40,278,935</u>	<u>\$ 40,648,935</u>	<u>\$ 40,383,464</u>	<u>\$ 34,810,319</u>	<u>\$ 35,532,319</u>	<u>\$ 38,037,453</u>	<u>\$ 39,324,826</u>	<u>\$ 40,892,184</u>	<u>\$ 41,052,770</u>	<u>\$ 34,586,728</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	8.40%	7.56%	6.80%	20.17%	18.52%	16.12%	14.24%	12.30%	10.70%	28.19%

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

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

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

Year	Population ^a	Personal Income ^b	Morris County Per Capita Personal Income ^c	Unemployment Rate ^d
2014	5,574	\$ 469,815,738	\$ 84,287	4.70%
2015	5,567	491,554,966	88,298	4.20%
2016	5,544	505,901,088	91,252	4.00%
2017	5,522	516,549,968	93,544	4.00%
2018	5,900	573,739,600	97,244	3.30%
2019	6,251	619,724,140	99,140	2.90%
2020	6,223	636,158,621	102,227	7.80%
2021	6,135	661,150,545	107,767 **	5.30%
2022	6,145 *	662,228,215 *	107,767 **	3.00%
2023	6,145 *	662,228,215 *	107,767 **	N/A

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

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

N/A - Not Available

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

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

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

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

Source: School District Reports

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

COUNTY OF MORRIS

	2023		2014		Percentage of Total Employment
	Employer	Employees	Employer	Employees	
Atlantic Health System		10,552	U.S. Army Aramament R&D	5,841	2.13%
Novartis		6,500	Novartis	5,035	1.84%
Picatinny Arsenal		6,000	Atlantic Health System	4,463	1.63%
Barclays		3,374	ADP	2,060	0.75%
ADP		2,400	Bayer Healthcare, LLC	1,900	0.69%
Accenture		2,344	County of Morris	1,674	0.61%
Pricewaterhouse Coopers		2,095	Wyndham Worldwide Corporation	1,653	0.60%
Cigna		1,686	St. Clare's Health	1,642	0.60%
Deloitte & Touche		1,646	BASF Corporation	1,500	0.55%
Saint Clare's Health		1,473	Accenture	1,480	0.54%
Total		<u>38,070</u>		<u>27,248</u>	<u>9.94%</u>
Total County Labor Force		<u>268,713</u>		<u>274,179</u>	

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

Source: Morris County Treasurer's Office

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

<u>Function/Program</u>	<u>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	41.0	41.0	48.0	49.0	49.0	52.5	54.1	56.1	55.1	59.2
Special Education	22.0	29.0	28.0	29.0	29.0	32.0	31.0	30.0	33.0	20.3
Other Instruction		2.0	2.0	2.0	2.0	2.0				
Support Services:										
Student & Instruction Related Services	7.0		7.0	7.5	7.5	7.5	8.7	9.0	8.5	8.5
School Administration Services	4.0	5.0	5.0	5.0	5.0	5.0	4.5	4.5	4.7	3.7
General Administration Services	4.0	7.0	7.0	7.0	7.0	6.5	2.0	2.0	2.0	2.0
Other Administrative Services										
Central Services	2.0	3.0	3.0	3.0	3.0	3.0	3.9	3.7	3.7	3.7
Other Support Services		0.5	0.5	0.5	0.5	0.5	2.5	2.5	2.3	3.3
Plant Operations and Maintenance	9.0	8.0	3.0	8.5	8.5	8.5	8.5	8.0	8.5	8.5
Pupil Transportation	0.5	0.5	0.5	0.5	0.5	0.5				
Total	89.5	96.0	104.0	112.0	112.0	118.0	115.2	115.8	117.8	109.1

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2014	638.0	\$ 15,402,557	\$ 24,142	-3.24%	58.0	1:10.9	638.0	612.9	4.25%	96.07%
2015	611.0	15,851,985	25,944	7.47%	64.0	1:10.9	612.0	581.8	-4.08%	95.06%
2016	575.0	16,327,687	28,396	9.45%	72.0	1:10.9	602.0	579.5	-1.63%	96.26%
2017	583.0	17,016,997	29,189	2.79%	80.0	1:10.9	574.6	560.3	-4.55%	97.51%
2018	573.0	17,957,675	31,340	7.37%	80.0	1:10.9	571.0	548.0	-0.63%	95.97%
2019	570.0	18,704,985	32,816	4.71%	84.5	1:10.9	572.0	549.0	0.18%	95.98%
2020	600.0	19,814,190	33,024	0.63%	85.1	1:10.9	701.5	682.0	22.64%	97.22%
2021	576.0	20,503,705	35,597	7.79%	86.1	1:10.9	569.9	556.8	-18.76%	97.70%
2022	581.0	20,919,198	36,006	1.15%	88.2	1:10.9	570.7	544.1	0.15%	95.32%
2023	572.0	22,559,654	39,440	9.54%	79.5	1:10.9	589.9	560.4	3.36%	95.00%

Note: Enrollment based on annual October district count.

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

Source: Morris Plains Borough School District records

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

<u>District Building</u>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Mountain Way School (1969, 1985)										
Square Feet	29,658	29,658	29,658	29,658	29,653	29,653	29,653	29,653	29,653	29,653
Capacity (students)	265	265	265	265	265	265	265	265	265	265
Enrollment	223	207	208	211	204	201	216	193	209	197
Borough School (1972, 1992)										
Square Feet	90,200	90,200	90,200	90,200	90,200	20,200	20,200	20,200	20,200	20,200
Capacity (students)	697	697	697	697	697	697	697	697	697	697
Enrollment	415	404	367	372	369	369	384	383	372	375

Number of Schools at June 30, 2023

Elementary = 1

Middle School = 1

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

Source: Morris Plains Borough School District Facilities Office

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

Undistributed Expenditures:
 Required Maintenance for School Facilities 11-000-261-XXX

<u>School Facilities</u>	<u>Projects #</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Borough	N/A	\$ 184,410	\$ 227,129	\$ 159,230	\$ 194,747	\$ 174,245
Mountain Way	N/A	40,480	49,858	77,234	94,461	84,517
		<u>\$ 224,890</u>	<u>\$ 276,987</u>	<u>\$ 236,464</u>	<u>\$ 289,208</u>	<u>\$ 258,762</u>

<u>School Facilities</u>	<u>Projects #</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Borough	N/A	\$ 151,187	\$ 174,900	\$ 208,262	\$ 174,147	\$ 194,800
Mountain Way	N/A	75,593	99,306	106,271	93,250	99,948
		<u>\$ 226,780</u>	<u>\$ 274,206</u>	<u>\$ 314,533</u>	<u>\$ 267,397</u>	<u>\$ 294,748</u>

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

N/A - Not Applicable

Source: Morris Plains Borough School District records

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2023
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSIG		
Property - Blanket Building and Contents	\$ 500,000,000	\$ 2,500
Electronic Data Processing	500,000	1,000
Comprehensive General Liability	31,000,000	
Comprehensive Automotive Liability	31,000,000	
Comprehensive Fire Damage Limit	31,000,000	
Comprehensive Personal and Advertising Injury	31,000,000	
Comprehensive Products/Completed Operations	31,000,000	
Sexual Abuse	15,000,000	
Cyber & Privacy Liability - NJSIG		
Each Claim	2,000,000	\$25,000 or \$250,000
Annual Aggregate	2,000,000	ingent upon controls in place
School District Legal Liability - NJSIG		
Coverage A	31,000,000	5,000
Coverage B (each claim)	100,000	5,000
Coverage B (each policy period)	300,000	
Surety Bonds - NJSIG		
Board Secretary	300,000	
Treasurer	300,000	
Worker's Compensation - NJSIG		
Bodily Injury by Accident- Each Accident	3,000,000	
Bodily Injury by Disease- Each Employee	3,000,000	
Bodily Injury by Disease- Aggregate	3,000,000	
Student Accident - Zurich		
Accident Medical	1,000,000	

Source: Morris Plains Borough School District records

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "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 Plains Borough 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, and have issued our report thereon dated November 1, 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 Plains Borough School District
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Report on Compliance and Other Matters

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

Purpose of this Report

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

November 1, 2023
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

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

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

Basis for Opinion on Each Major State Program

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

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

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

Responsibilities of Management for Compliance

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

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

November 1, 2023
Mount Arlington, New Jersey

Nisiroccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

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

Federal Grantor/Pass Through Grantor Program/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022			Balance at June 30, 2023			Amount Provided to Subrecipients
					Budgetary Accounts Receivable	Unearned Revenue	Cash Received	Budgetary Accounts Receivable	Unearned Revenue	Due to Grantor	
U.S. Department of Education											
Passed-through State Department of Education:											
Special Education Cluster:											
I.D.E.A. Part B, Basic	84.027	IDEA338022	7/1/21-9/30/22	\$ 143,221	\$ 25,112	\$ 27,071	\$ 147,700	\$ 1,959			
I.D.E.A. Part B, Basic	84.027	IDEA338023	7/1/22-9/30/23	147,700	4,693	147,700					
I.D.E.A. Part B, Preschool	84.173	IDEA338022	7/1/21-9/30/22	6,652	6,488	6,488					
I.D.E.A. Part B, Preschool	84.173	IDEA338023	7/1/22-9/30/23	6,488	7,631	7,631					
COVID 19 - ARP - I.D.E.A. Part B, Basic	84.027	IDEA33802X	7/1/21-9/30/22	25,416	253	253					
COVID 19 - ARP I.D.E.A. Part B, Preschool	84.173	IDEA33802X	7/1/21-9/30/22	2,168	37,689	193,836				1,959	
Total Special Education Cluster											
Elementary and Secondary Education Act											
Title I	84.010A	ESEA338023	7/1/22-9/30/23	27,140		26,340					
Title I	84.010A	ESEA338022	7/1/21-9/30/22	20,780	12,000	12,000					
Total Title I					12,000	38,340					
Title II, Part A	84.367A	ESEA338023	7/1/22-9/30/23	12,289		4,875				907	
Total Title II, Part A						4,875				907	
Title III	84.367A	ESEA338023	7/1/22-9/30/23	3,332							
Total Title III											
Title IV	84.424	ESEA338023	7/1/22-9/30/23	10,000		1,839					
Title IV	84.424	ESEA338022	7/1/21-9/30/22	10,014		410					
Total Title IV						2,249					
Education Stabilization Fund:											
COVID-19 - CRRSA:											
Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	25,000	4,421	6,775					
ESSER II	84.425D	S425D210027	3/18/20-9/30/23	52,084	16,175	24,917			2,421		
COVID-19 - ARP:											
Accelerated Learning Coach and Educator Support	84.425U	S425U210027	3/13/20-9/30/24	68,535		15,270					
Summer Learning and Enrichment	84.425U	S425U210027	3/13/20-9/30/24	40,000	7,324	11,549			1,229		
Beyond the School Day	84.425U	S425U210027	3/13/20-9/30/24	40,000	16,710	32,700			609		
NJTSS Mental Health Support Staffing	84.425U	S425U210027	3/13/20-9/30/24	45,000		45,000					
ESSER III	84.425U	S425U210027	3/13/20-9/30/24	117,056	108,063	108,063					
Total CARES Emergency Relief					152,693	244,274			4,259		
Total U.S. Department of Education					202,382	483,574			6,759	2,866	
Total Special Revenue Fund					202,382	483,574			6,759	2,866	

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

Federal Grantor/Pass Through Grantor Program/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022			Balance at June 30, 2023			Amount Provided to Subrecipients	
					Budgetary Accounts Receivable	Unearned Revenue	Cash Received	Budgetary Expenditures	Budgetary Accounts Receivable	Unearned Revenue		Due to Grantor
U.S. Department of Agriculture:												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Food Distribution Program	10.555	N/A	7/1/21-6/30/22	\$ 13,815	\$ 1,432	\$ 16,592	\$ (1,432)	\$ 3,369	\$ 4,379			
Food Distribution Program	10.555	N/A	7/1/22-6/30/23	16,592		47,032	(12,213)					
National School Lunch Program	10.555	N/A	7/1/22-6/30/23	50,401		20,965	(50,401)					
COVID 19 - Seamless Summer Option	10.555	N/A	7/1/21-6/30/22	233,040		40,529	(13,704)		26,825			
COVID 19 - Supply Chain Assistance Program	10.555	N/A	7/1/21-6/30/22	40,529		125,118	(77,750)	3,369	31,204			
Total Child Nutrition Cluster - Total U.S. Department of Agriculture												
U.S. Department of Homeland Security -												
Passed-through State Department of Emergency Management:												
General Fund:												
Disaster Grants - Public Assistance (FEMA):	97.036	DR4488	1/20/20	5/11/23		28,663	(28,663) *					
COVID 19 - Coronavirus Pandemic						28,663	(28,663)					
Total U.S. Department of Homeland Security												
Total Federal Awards												
					\$ 223,347	\$ 1,432	\$ 637,355	\$ (391,498)	\$ 10,128	\$ 31,204	\$ 2,866	\$ -0-

* Prior year expenditures.
N/A - Not Available/Applicable

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

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022			Cash Received	Budgetary Expenditures	Balance at June 30, 2023		MEMO	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable			Budgetary Unearned Revenue	Budgetary Accounts Receivable		Cumulative Total Expenditures
General Fund:												
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	\$ 734,724	\$ 63,321	\$	\$ 63,321				\$ 734,724		
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	15,093	1,301		1,301				15,093		
School Choice Aid	22-495-034-5120-068	7/1/21-6/30/22	212,685	18,330		18,330				212,685		
Extraordinary Aid	22-495-034-5120-473	7/1/21-6/30/22	255,867	255,867		255,867				255,867		
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	95,804	8,257		8,257				95,804		
Non Public Transportation	22-495-034-5120-014	7/1/21-6/30/22	15,660	15,660		15,660				15,660		
Homeless Tuition	N/A	7/1/21-6/30/22	72,184	72,184		72,184				72,184		
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21-6/30/22	437,771	19,368		19,368						
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	854,560			779,434	\$ (854,560)	\$	75,126	854,560		
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	29,819			27,197	(29,819)		2,622	29,819		
School Choice Aid	23-495-034-5120-068	7/1/22-6/30/23	232,384			211,955	(232,384)		20,429	232,384		
Extraordinary Aid	23-495-034-5120-473	7/1/22-6/30/23	301,946			87,382	(301,946)	\$ 301,946	301,946	301,946		
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	95,804				(95,804)		8,422	95,804		
Non Public Transportation	23-495-034-5120-014	7/1/22-6/30/23	19,591				(19,591)	19,591	19,591	19,591		
Homeless Tuition	N/A	7/1/22-6/30/23	48,659				(48,659)	48,659	48,659	48,659		
Reimbursed TPAF Social Security Contributions:	23-495-034-5094-003	7/1/22-6/30/23	437,771			416,849	(437,771)	20,922	20,922	437,771		
On Behalf Contributions:												
TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22-6/30/23	523,173			523,173	(523,173)			523,173		
TPAF Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23	1,964,290			1,964,290	(1,964,290)			1,964,290		
TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22-6/30/23	27,252			27,252	(27,252)			27,252		
TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	837			837	(837)			837		
Total General Fund State Aid/General Fund				454,288		4,492,657	(4,536,086)	391,118	497,717	5,938,103		
Special Revenue Fund:												
Climate Awareness	N/A	4/1/23-6/30/22	6,660			6,000	(6,000)			6,000		
School Development Authority:												
Emergent and Capital Maintenance Needs	N/A	7/1/22-6/30/23	13,480			13,480	(13,480)			13,480		
Total Special Revenue Fund						19,480	(19,480)			19,480		
Debt Service Fund:												
Debt Service Aid Type II	23-100-034-5120-123	7/1/22-6/30/23	177,461			177,461	(177,461)			177,461		
Total Debt Service Fund						177,461	(177,461)			177,461		

MORRIS PLAINS BOROUGH 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	Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Balance at June 30, 2023		MEMO		
				Budgetary Accounts Receivable	Budgetary Unearned Revenue			GAAP Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable	Cumulative Total Expenditures	
Enterprise Fund:												
State School Lunch Program	23-100-010-3350-023	7/1/22-6/30/23	\$ 2,613	\$ 482	\$ 2,442	\$ 2,442	\$ (2,613)	\$ 171	\$	\$ 171	\$ 2,613	
COVID 19 - Seamless Summer Option	22-100-010-3350-023	7/1/21-6/30/23	6,046	482	482	482	(2,613)	171			6,046	
Total Enterprise Fund				482	2,924	2,924	(2,613)	171		171	8,659	
Total State Awards Subject to Single Audit Determination				\$ 454,770	\$ -0-	\$ 4,692,522	\$ (4,735,640)	\$ 391,289	\$ -0-	\$ 497,888	\$ 6,143,703	
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22-6/30/23	523,173				\$ 523,173					
TPAF Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23	1,964,290				1,964,290					
TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22-6/30/23	27,252				27,252					
TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	837				837					
Subtotal - On-Behalf TPAF Pension System Contributions							2,515,552					
Total State Awards Subject to Single Audit Major Program Determination							\$ (2,220,088)					

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

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

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Morris Plains School District under programs of the federal and state governments for the fiscal year ended June 30, 2023. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$15,390) for the general fund and \$6,222 for the special revenue fund of which \$6,595 is for local grants. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, and special revenue funds.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 28,663	\$ 4,520,696	\$ 4,549,359
Special Revenue Fund	284,712	19,480	304,192
Debt Service Fund		177,461	177,461
Food Service Fund	<u>77,750</u>	<u>2,613</u>	<u>80,363</u>
	<u>\$ 391,125</u>	<u>\$ 4,720,250</u>	<u>\$ 5,111,375</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

Morris Plains Borough School District had no loan balances outstanding at June 30, 2023.

NOTE 7. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2023. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance Required by NJ OMB 15-08*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2023 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

	State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
<u>State:</u>				
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	\$ 854,560	\$ 854,560
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	29,819	29,819
School Choice Aid	23-495-034-5120-068	7/1/22-6/30/23	232,384	232,384

- The threshold used for distinguishing between State Type A and Type B programs was \$750,000.
- The District was determined not to be a "low-risk" auditee for state programs.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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:

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

Findings and Questioned Costs for State Awards:

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Status of Prior Year Findings:

There were no prior year audit findings.