

**BOROUGH OF MORRIS PLAINS
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015**

**Comprehensive Annual
Financial Report**

of the

Morris Plains Borough School District

Morris Plains, New Jersey

For the Fiscal Year Ended June 30, 2015

Prepared by

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
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INTRODUCTORY SECTION

Morris Plains School District

500 Speedwell Avenue
Morris Plains, NJ 07950

November 20, 2015

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

Dear Honorable President and Board Members:

The comprehensive annual financial report of the Morris Plains Borough School District for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of officials and a list of consultants and advisors. The financial section includes The Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey's OMB Circulars 04-04 and 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.

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.

Phone: 973-538-1650 • Fax: 973-540-1983 • Web Site: www.morrisplainsschooldistrict.org

The Community of Caring

The Honorable President and Members
of the Board of Education
Morris Plains Borough School District
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November 20, 2015

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 \$4,270,000. The Morris Plains community is experiencing the impact of the current economic condition in the United States. The District has worked very hard to minimize the tax impact to the community.

3) MAJOR INITIATIVES:

The Morris Plains School District offers a superior curricular and instructional program to its students. Our curriculum aligns with the New Jersey Core Curriculum Content Standards in all nine areas, and over the past year we have invested in program improvements to ensure that our students master the skills and content outlined in the New Jersey Core Curriculum Content Standards and the Common Core Standards. Below is a summary of the initiatives included in the subject areas:

Math:

Teachers are using GoMath and Big Ideas to assess student learning and target reteaching needs. In addition, teachers will be utilizing the web-based tool, Study Island, to reinforce skills, assign practice problems, integrate benchmark assessments, and analyze student performance data. Reaching the needs of all student learners continues to be a district-wide goal for mathematics. We continue to provide learning opportunities for accelerated students, and we utilize a part-time Basic Skills Math instructor to work with struggling learners, grades K-4. Also, we have enhanced the master schedule for math courses, moving to double periods of math for each student, K-8. We continue to utilize 21st Century tools and skills, such as Google Classroom and student responders, to monitor student progress. Lastly, we continue to provide professional learning experiences for our math instructors. A 2015 Summer Academy was designed for math teachers. Training focused on authentic-based learning experiences and assessments. Professional development, facilitated by The Madison Institute, has been planned throughout the 2015-2016 school year to further support the Summer Academy sessions.

Science:

For the 2015-2016 school year, the Morris Plains School District will implement a new Science Curriculum, which was revised and board approved in the spring of 2015. In addition, K-4 students will have access to Stem Kits, which are aligned to the new Science standards. The District has created and staffed a new STEM and Innovation Lab course for primary students, K-2. All students will cycle through this course. This is a pilot program, and it will be expanded to the middle school for the 2016-2017 school year. The Morris Plains School District will continue to work with The Madison Institute to train staff on integrating authentic-based learning experiences for their students. Lastly, the District has partnered with Discovery Education; equipping all students and staff with a digital textbook to support the new standards. The 1:1 Chromebook initiative for students, grades 3-8, will support this transition to digital text. Ongoing professional development, facilitated by Discovery Education, has been scheduled throughout the 2015-2016 school year.

The Honorable President and Members
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Morris Plains Borough School District
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3) MAJOR INITIATIVES: (Cont'd)

Language Arts:

Major district-wide initiatives in Language Arts include Writer's Workshop (K-8), Words Their Way (K-6), new text series (Grade 6), and the development of a Reading Task Force Committee designed to recommend a new reading program for the 2016-2017 school year. A 2015 Summer Teacher Academy was designed to further support our Language Arts teachers as we transition to these balanced literacy initiatives. Throughout the upcoming school year, the Language Arts teachers will work with Literacy Coaches. The coaches will provide support, guidance, and ongoing professional development around Writer's Workshop. In addition, Language Arts teachers will conduct site visits to schools across the county to further support their craft. The Morris Plains School District continues to focus on remedial support for struggling student learners. The District has a full-time Basic Skills Language Arts instructor for students, grades K-4. Lastly, a school-wide (One Book/One School) program will be implemented at the primary grades, K-2.

Social Studies:

For the 2015-2016 school year, the Morris Plains School Social Studies teachers will implement the new Social Studies curriculum, which was board approved in the spring of 2015. Units of study were shifted across grade levels to provide consistency with the Morris School District. Similar to Science, the Social Studies department has partnered with Discovery Education; equipping all students and staff with a digital textbook to support the new Social Studies standards. The 1:1 Chromebook initiative for students, grades 3-8, will support this transition to digital text. Ongoing professional development, facilitated by Discovery Education, has been scheduled throughout the 2015-2016 school year.

21st Century Life and Careers:

As a focus of our Professional Development Committee, 21st Century Life and Career skills will be used across the District. The District goals include 21st century skills. Teachers are required to observe colleagues, and develop professional development plans that promote 21st century learning. Additionally, the Media Curriculum was revised to reflect more project-based learning opportunities for students, utilizing multiple technology tools and resources.

Visual and Performing Arts

The District's visual and performing arts program has state of the art facilities and resources to support their curriculum. The District has increased related arts staff for the 2015-2016 school year. This increase has enhanced the related arts program across the District. Related arts courses will now run in cycles at the middle school. The cycles will run quarterly. In addition, the master schedule has been modified to allow for daily common planning time for all staff, K-8. This includes the related arts staff. A related arts team leader has been assigned, and was board approved, to facilitate the team meetings. Related arts resources support student application. This includes smartboards, 3D printers, iPads/Chromebooks, an auditorium, art and music rooms, etc. Additionally, the District works closely with the Home and School Association and the Education Foundation to provide assemblies and programs to support the visual and performing arts.

The Honorable President and Members
of the Board of Education
Morris Plains Borough School District
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November 20, 2015

3) MAJOR INITIATIVES: (Cont'd)

Comprehensive Health and Physical Education:

The District recently reviewed and adopted the state's Model Curriculum for Health and Physical Education. Teachers continue to explore opportunities to infuse literacy and cross-curricular instruction to support the Health and Physical Education standards. Professional development and common planning opportunities support this collaboration.

World Language:

The World Language Schedules at Borough School have been modified to support World Language instruction from a certified staff member for all students, grades 3-8. Supplemental instructional resources have been purchased to support World Language instruction for primary students. This includes Mango, a web-based program that supports fluency and world cultures. The District has purchased headphones for all students, K-8. This technology tool will support fluency and comprehension.

Technology:

Morris Plains took tremendous strides in the area of technology during the summer of 2015. Every classroom and office space is now equipped with an access point. Every classroom has an interactive smartboard and a voice projection system. Additionally, 90 additional iPads have been purchased for primary classrooms, PreK-2. Every classroom in Mountain Way will have access to 10 iPads. At Borough School, over 290 Chromebooks were purchased to support a 1:1 program for students, grades 3-8. In addition to student devices, the Borough School is equipped with two computer labs. At Mountain Way, Chromebooks were purchased to support the new STEM and Innovation course. This course will replace the Computer course. The Morris Plains School District is a Google Apps for Education District. Technology integration is listed as both District and school goals. Teacher professional development plans include technology, as well. The District has created a three year technology plan that addresses instructional technology. All staff at Borough School have been trained to utilize Google Classroom as a management/instructional tool. Additional IT support has been utilized throughout the summer to support the technology enhancements to our infrastructure, along with the increase in student devices. For the 2015-2016, all students will participate in the PARCC assessment at the same time. The District has turned to social media to push out information. Both schools, along with the District, maintain a Facebook page. In addition, for the 2015-2016 school year, the District transitioned to a new emergency alert system (Honeywell) and a new school management software program (Genesis). Genesis includes a parent portal, and houses digital forms and documents for parents. Lastly, in 2014-2015, the District created a new position, Technology and Enrichment Supervisor, to support the use of technology for staff and students. This position has been instrumental in our efforts to increase the use of technology throughout the District. The position serves as a coach for staff, supervises IT Coordinators, designs a budget to support technology, develops technology plans, leads professional development sessions, and models best practices. Professional development for the 2015-2016 school year has been designed to support our new digital programs and technology devices.

The Honorable President and Members
of the Board of Education
Morris Plains Borough School District
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4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2015.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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

The Honorable President and Members
of the Board of Education
Morris Plains Borough School District
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November 20, 2015

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Morris Essex Insurance Group (MEIG) oversees risk management for Workers' Compensation Insurance. A Schedule of Insurance Coverage is found on Exhibit J-20.

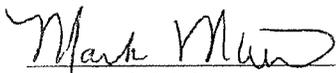
9) OTHER INFORMATION:

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 the Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey's OMB Circulars 04-04 and 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.

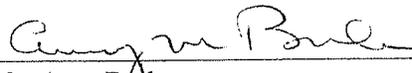
10) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the 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,

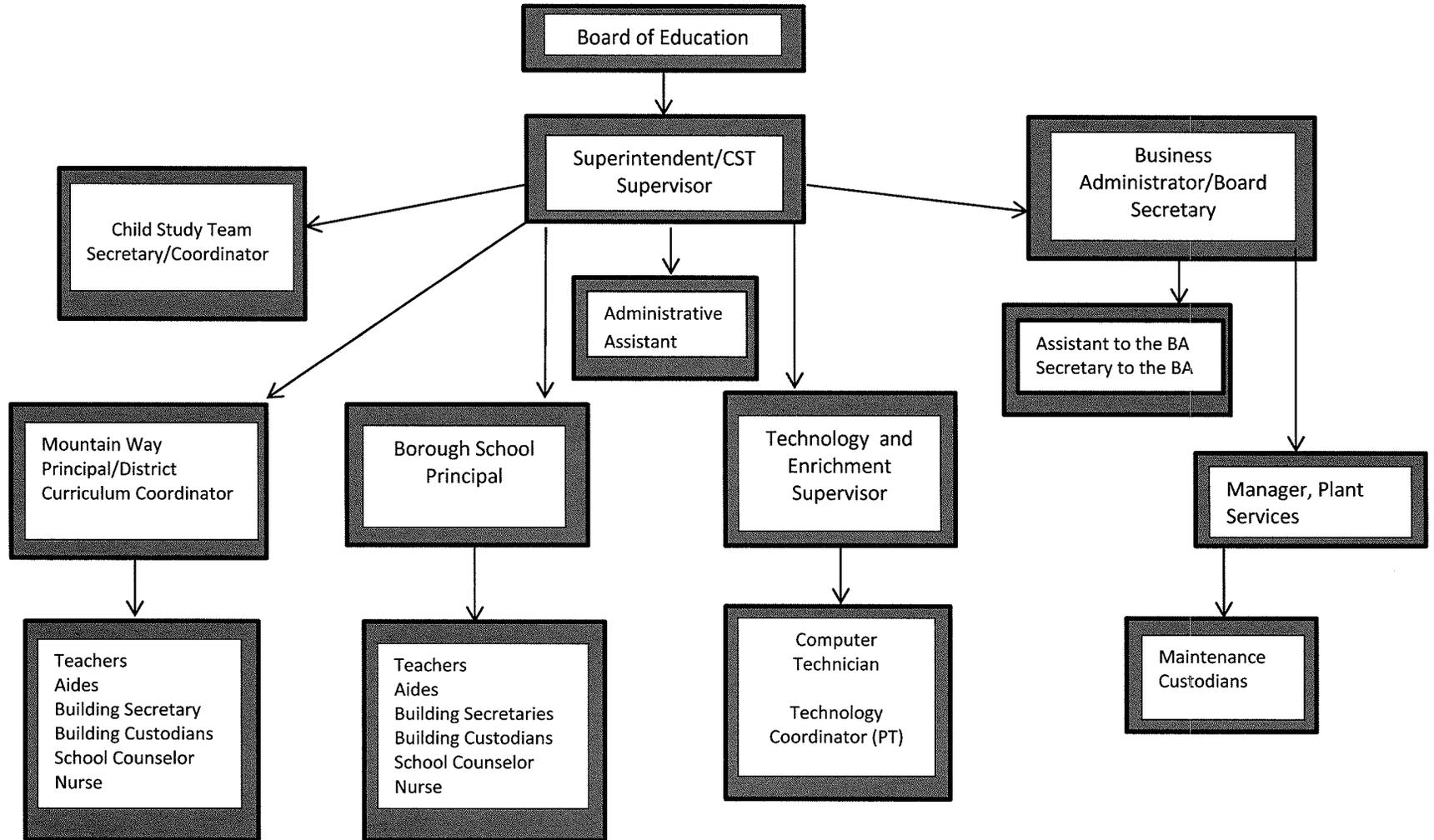


Mr. Mark Maire
Superintendent



Ms. Amy Bankman
Business Administrator/Board Secretary

MORRIS PLAINS SCHOOL DISTRICT - ORGANIZATIONAL CHART
2014-2015



**MORRIS PLAINS BOROUGH SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2015**

<u>Members of the Board of Education</u>	<u>Expiration of Term</u>
Maria Manley, President	2016
Lucia Galdi, Vice-President	2015
Alan Albin	2015
Scott Bober	2017
Cynthia Fetherston	2016
Francis Foley	2016
Anthony Galdi	2017
Terri Kaag	2015
Denise Rawding	2017

<u>Other Officials</u>	<u>Title</u>
Mr. Mark Maire	Superintendent
Dr. Warren Ceurvels	Interim Business Administrator/Board Secretary till May 3, 2015
Ms. Amy Barkman	Business Administrator/Board Secretary from May 4, 2015

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

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

Attorneys

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

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

Architects

Parette-Somjen Architects
439 Route 46 East
Rockaway, New Jersey 07866

Official Depositories

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

TD Bank

11000 Atrium Way
Mount Laurel, New Jersey 08054

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Morris Plains Borough School District (the "District") in the County of Morris as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Morris Plains Borough School District, in the County of Morris, as of June 30, 2015, 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.

Emphasis of Matter

As discussed in Note 18 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 18 to the basic financial statements.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey’s OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable President and Members
of the Board of Education
Morris Plains Borough School District
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The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 20, 2015
Mount Arlington, New Jersey

NISIVOCCIA LLP



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
Unaudited**

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, 2015. 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.

Financial Highlights

- The District's financial status is increased \$717,929 on a district-wide basis.
- Overall revenue was \$18.18 million.
- Total expenses were \$17.46 million.
- Enrollment in the District has been declining for the last several years causing cost per pupil to increase.

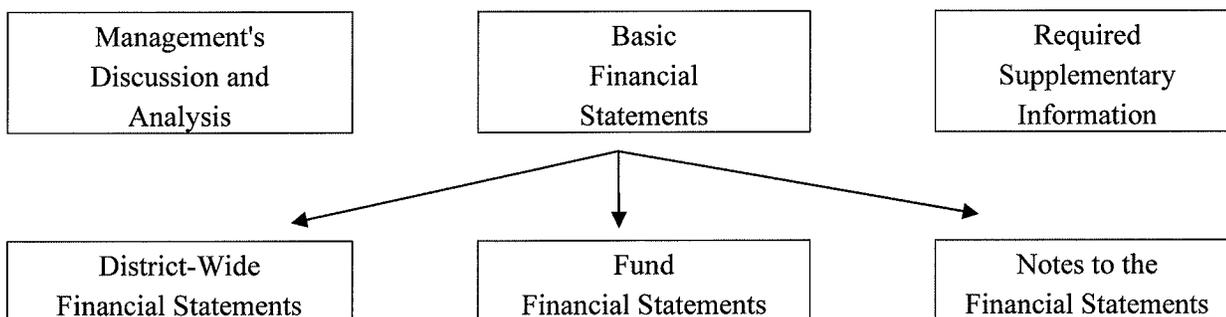
Overview of the Financial Statements

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

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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

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



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

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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased \$717,929. Net position from governmental activities increased by \$723,784 combined with a decrease in net position from business-type activities of \$5,855. Net investment in capital assets increased by \$387,537, restricted net position increased by \$713,347 and unrestricted net position decreased by \$382,955.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2014/15	2013/14*	2014/15	2013/14	2014/15	2013/14*	
Current and Other Assets	\$ 3,351,403	\$ 2,845,940	\$ 24,300	\$ 16,047	\$ 3,375,703	\$ 2,861,987	17.95%
Capital Assets, Net	15,231,865	15,279,814	18,652	23,318	15,250,517	15,303,132	-0.34%
Total Assets	18,583,268	18,125,754	42,952	39,365	18,626,220	18,165,119	2.54%
Deferred Outflow of Resources	407,554	142,564			407,554	142,564	185.87%
Long-Term Debt Outstanding	5,938,510	3,884,601			5,938,510	3,884,601	52.87%
Other Liabilities	578,192	477,380	11,381	1,939	589,573	479,319	23.00%
Total Liabilities	6,516,702	4,361,981	11,381	1,939	6,528,083	4,363,920	49.59%
Deferred Inflows of Resources	148,533				148,533		100.00%
Net Position:							
Net Investment in Capital Assets	11,835,749	11,443,546	18,652	23,318	11,854,401	11,466,864	3.38%
Restricted	2,471,676	1,758,329			2,471,676	1,758,329	40.57%
*Unrestricted/(Deficit)	(1,981,838)	(1,600,072)	12,919	14,108	(1,968,919)	(1,585,964)	24.15%
Total Net Position	\$ 12,325,587	\$ 11,601,803	\$ 31,571	\$ 37,426	\$ 12,357,158	\$ 11,639,229	6.17%

* Restated

Changes in Net Position. The District's combined net position was \$12,357,158 on June 30, 2015, or \$717,929 greater than it was the year before. (See Figure A-3).

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

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	
Revenue:							
Program Revenue:							
Charges for Services	\$ 73,704	\$ 63,807	\$ 94,622	\$ 103,735	\$ 168,326	\$ 167,542	0.47%
Operating Grants & Contributions	2,428,623	1,470,035	28,014	33,085	2,456,637	1,503,120	63.44%
General Revenue:							
Property Taxes	14,988,301	14,691,029			14,988,301	14,691,029	2.02%
Unrestricted Federal and State Aid	433,325	487,755			433,325	487,755	-11.16%
Other	135,043	104,256	61	54	135,104	104,310	29.52%
Total Revenue	18,058,996	16,816,882	122,697	136,874	18,181,693	16,953,756	7.24%
Expenses:							
Instruction	7,357,708	6,108,200			7,357,708	6,108,200	20.46%
Pupil and Instruction Services	6,194,583	6,151,584			6,194,583	6,151,584	0.70%
Administrative and Business	1,275,917	1,164,453			1,275,917	1,164,453	9.57%
Maintenance and Operations	1,143,834	1,148,966			1,143,834	1,148,966	-0.45%
Transportation	733,951	747,381			733,951	747,381	-1.80%
Other	629,219	685,372	128,552	134,253	757,771	819,625	-7.55%
Total Expenses	17,335,212	16,005,956	128,552	134,253	17,463,764	16,140,209	8.20%
Increase/(Decrease) in Net Position	\$ 723,784	\$ 810,926	\$ (5,855)	\$ 2,621	\$ 717,929	\$ 813,547	-11.75%

Revenue Sources. The District's total revenue for the school year was \$18,181,693, (See Figure A-4). Property taxes accounted for most of the District's revenue, with local taxes accounting of \$14,988,301 of the total, or 82.44 percent. (See Figure A-5). Approximately 15.89 percent came from state and federal aid and the remainder from miscellaneous sources.

**Figure A-5
Sources of School District Revenue - Fiscal Year 2015**

	Amount	Percentage
Sources of Income:		
State Formula Aid	\$ 433,325	2.38%
Property Taxes	14,988,301	82.44%
Federal and State Categorical Grants	2,456,637	13.51%
Charges for Services	168,326	0.93%
Other	135,104	0.74%
	\$ 18,181,693	100.00%

The total cost of all programs and services was \$17,463,764. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (81.80 percent). (See Figure A-6). The District's administrative and maintenance and operations costs accounted for 13.86 percent of total costs. It is important to remember that \$447,062 in depreciation is included in expenses for the year.

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

**Figure A-6
Sources of School District Expenses - Fiscal Year 2015**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 7,357,708	42.13%
Pupil and Instruction Services	6,194,583	35.47%
Administrative and Business	1,275,917	7.31%
Maintenance and Operations	1,143,834	6.55%
Transportation	733,951	4.20%
Other	757,771	4.34%
	<u>\$ 17,463,764</u>	<u>100.00%</u>

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 is decreasing while costs continue to escalate.

Figure A-7 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:

**Figure A-7
Net Cost of Governmental Activities**

	<u>Total Costs of Services</u>		<u>Net Cost of Services</u>	
	<u>2014/15</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2013/14</u>
Instruction	\$ 7,357,708	\$ 6,108,200	\$ 5,089,056	\$ 4,730,742
Pupil and Instruction Services	6,194,583	6,151,584	6,120,879	6,087,777
Administrative and Business	1,275,917	1,164,453	1,158,004	1,113,004
Maintenance and Operations	1,143,834	1,148,966	1,143,834	1,148,966
Transportation	733,951	747,381	691,893	706,253
Other	629,219	685,372	629,219	685,372
	<u>\$ 17,335,212</u>	<u>\$ 16,005,956</u>	<u>\$ 14,832,885</u>	<u>\$ 14,472,114</u>

- The cost of all governmental activities this year was \$17.33 million.
- Approximately \$14.98 million of the District's costs were financed by District taxpayers.
- The remainder of the funding came from federal and state grants and other miscellaneous revenue.

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

Business-Type Activities

Net position from the District's business-type activity decreased by \$5,855, (Refer to Figure A-4). Factors contributing to these results included:

- Food services expenditures exceeded revenues by \$5,855, accounting for all of the increase in the net position of the business-type activities. The decrease is primarily a result of decrease in student participation, and decrease in subsidies received from the federal and state governments.

Financial Analysis of the District's Funds

The District's financial position increased \$717,929. Revenues increased this year in part due to the addition of school choice aid, as well as an increase in miscellaneous revenue. Expenditures during the current year stayed relatively stable as a result of a decrease in tuition offsetting the increase in salaries and wages.

Another area that contributed to the increase was the district's investment in capital assets. The District purchased several new assets while continuing to depreciate existing assets, and pay down debt.

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.

Capital Asset and Debt Administration

Figure A-8

Capital Assets (net of depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>Percentage</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>Change</u>
							<u>2014-2015</u>
Sites	\$ 951,200	\$ 951,200			\$ 951,200	\$ 951,200	0.00%
Site Improvements	461,601	508,139			461,601	508,139	-10.08%
Construction in Progress	330,100				330,100		100.00%
Buildings & Building							
Improvements	12,825,292	13,197,290			12,825,292	13,197,290	-2.90%
Furniture, Machinery &							
Equipment	663,672	623,185	\$ 18,652	\$ 23,318	682,324	646,503	5.25%
Total	\$ 15,231,865	\$ 15,279,814	\$ 18,652	\$ 23,318	\$ 15,250,517	\$ 15,303,132	-0.35%

- The change in Capital Assets is a result of the acquisition of assets in the amount of \$64,347 as well as construction in progress of \$330,100 offset by depreciation expense of \$447,062.

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

Long-term Debt

At year-end, the District had \$3,325,000 in general obligation bonds outstanding as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the basic financial statements.)

**Figure A-9
Outstanding Long-Term Debt**

	Total School District		Percentage
	2014/15	2013/14*	Change 2014-2015
General Obligation Bonds (Financed with Property Taxes)	\$ 3,325,000	\$ 3,695,000	-11.13%
Obligations Under Capital Leases	71,116	141,268	-98.64%
Net Pension Liability	2,492,388	2,304,534	7.54%
Other Long Term Debt	50,006	48,333	3.35%
Total	\$ 5,938,510	\$ 6,189,135	-4.05%

* Restated

- The District continued to pay down its debt, retiring \$370,000 of outstanding bonds and \$70,152 of capital leases.
- Compensated absences payable increased by a net amount of \$1,673.
- Net Pension Liability increased by \$187,854.

Factors Bearing on the District's Future

Currently, the District is in good financial condition. Everyone associated with the Board of Education is grateful for the community support of the schools. However, due to an environment of decreasing state aid, there is an ever-increasing reliance on local property taxes to fund school district operations. A major concern is that an extraordinary financial burden is placed on taxpayers just to maintain appropriate class sizes and services.

Future finances will be challenged even further with the continued effect of legislation that impacts the financial operation of the School District. S1701, adopted by the State of New Jersey on June 17, 2004, forced the District to cut its allowable unassigned general fund balance to 2% of the District's total adjusted expenditures which leaves the District with very little protection in the event of unforeseen emergencies. This law also places limits on the District's ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to transfer available fund balance as needed and the ability to transfer available funds between appropriation accounts. Taking away the option of transferring available funds during the budget year severely impacts our ability to maintain and improve our facilities.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office at 500 Speedwell Avenue, Morris Plains, NJ 07950.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 1,844,448	\$ 12,748	\$ 1,857,196
Receivables from Other Governments	264,291	1,598	265,889
Interfund Receivable	11,700		11,700
Internal Balances	(6,168)	6,168	
Inventory		3,786	3,786
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	912,132		912,132
Maintenance Reserve Account - Cash and Cash Equivalents	25,000		25,000
Tuition Reserve Account - Cash and Cash Equivalents	300,000		300,000
Capital Assets:			
Sites (Land) and Construction in Progress	1,281,300		1,281,300
Depreciable Site Improvements, Building and Building Improvements and Furniture, Machinery and Equipment	13,950,565	18,652	13,969,217
Total Assets	<u>18,583,268</u>	<u>42,952</u>	<u>18,626,220</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred Amount on the Refunding	126,724		126,724
Changes in Assumptions - Pension	78,374		78,374
Changes in Proportion - Pension	202,456		202,456
Total Deferred Outflows of Resources	<u>407,554</u>		<u>407,554</u>
<u>LIABILITIES:</u>			
Accounts Payable - Vendors	149,975	8,827	158,802
Accrued Interest Payable	52,850		52,850
Unearned Revenue	23,676	2,554	26,230
Unamortized Bond Premiums	351,691		351,691
Noncurrent Liabilities:			
Due Within One Year, Net	451,116		451,116
Due Beyond One Year, Net	5,487,394		5,487,394
Total Liabilities	<u>6,516,702</u>	<u>11,381</u>	<u>6,528,083</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Investment Gains - Pensions	148,533		148,533
Total Deferred Inflows of Resources	<u>148,533</u>		<u>148,533</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	11,835,749	18,652	11,854,401
Restricted for:			
Capital Projects	912,132		912,132
Other Purposes	1,559,544		1,559,544
Unrestricted/(Deficit)	(1,981,838)	12,919	(1,968,919)
Total Net Position	<u>\$ 12,325,587</u>	<u>\$ 31,571</u>	<u>\$ 12,357,158</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, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction:						
Regular	\$ 5,168,959		\$ 1,138,891	\$ (4,030,068)		\$ (4,030,068)
Special Education	1,880,116		1,061,289	(818,827)		(818,827)
School -Sponsored/Other Instruction	308,633		68,472	(240,161)		(240,161)
Support Services:						
Tuition	4,727,473	\$ 73,704		(4,653,769)		(4,653,769)
Student and Instruction Related Services	1,467,110			(1,467,110)		(1,467,110)
General Administration Services	372,336			(372,336)		(372,336)
School Administration Services	539,080		117,913	(421,167)		(421,167)
Central Services	333,638			(333,638)		(333,638)
Administration Information Technology	30,863			(30,863)		(30,863)
Plant Operations and Maintenance	1,143,834			(1,143,834)		(1,143,834)
Pupil Transportation	733,951		42,058	(691,893)		(691,893)
Interest on Long-Term Debt	140,297			(140,297)		(140,297)
Unallocated Depreciation	394,877			(394,877)		(394,877)
Capital Outlay	56,562			(56,562)		(56,562)
Charter Schools	37,483			(37,483)		(37,483)
Total Governmental Activities	17,335,212	73,704	2,428,623	(14,832,885)		(14,832,885)

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Business-Type Activities:						
Food Service	\$ 128,552	\$ 94,622	\$ 28,014		\$ (5,916)	\$ (5,916)
Total Business-Type Activities	<u>128,552</u>	<u>94,622</u>	<u>28,014</u>		<u>(5,916)</u>	<u>(5,916)</u>
Total Primary Government	<u>\$ 17,463,764</u>	<u>\$ 168,326</u>	<u>\$ 2,456,637</u>	<u>\$ (14,832,885)</u>	<u>(5,916)</u>	<u>(14,838,801)</u>
General Revenues:						
Taxes:						
				\$ 14,444,951		\$ 14,444,951
				543,350		543,350
				433,325		433,325
				12,616	\$ 61	12,677
				122,427		122,427
				<u>15,556,669</u>	61	<u>15,556,730</u>
				723,784	(5,855)	717,929
				<u>11,601,803</u>	<u>37,426</u>	<u>11,639,229</u>
				<u>\$ 12,325,587</u>	<u>\$ 31,571</u>	<u>\$ 12,357,158</u>

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, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 1,811,402		\$ 33,046		\$ 1,844,448
Interfund Receivables	49,247				49,247
Receivables From Federal Government		\$ 38,277			38,277
Receivables From State Government	226,014				226,014
Restricted Cash and Cash Equivalents	1,237,132				1,237,132
Total Assets	\$ 3,323,795	\$ 38,277	\$ 33,046	\$ -0-	\$ 3,395,118
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Interfund Payable	\$ 6,168	\$ 37,001	\$ 546		\$ 43,715
Accounts Payable - Vendors	149,975				149,975
Unearned Revenue	22,400	1,276			23,676
Total Liabilities	178,543	38,277	546	\$ -0-	217,366
Fund Balances:					
Restricted for:					
Capital Reserve Account	912,132				912,132
Tuition Reserve Designated for:					
2015-2016 Budget	300,000				300,000
Maintenance Reserve	25,000				25,000
Excess Surplus Designated for Subsequent Year's Expenditures	533,684				533,684
Excess Surplus	700,860				700,860
LIABILITIES AND FUND BALANCES:					
Committed:					
Capital Projects Fund			\$ 32,500		\$ 32,500
Assigned:					
Year-End Encumbrances	\$ 148,444				148,444
Designated for Subsequent Year's Expenditures	278,765				278,765
Unassigned	246,367				246,367
Total Fund Balances	3,145,252		32,500	\$ -0-	3,177,752
Total Liabilities and Fund Balances	\$ 3,323,795	\$ 38,277	\$ 33,046	\$ -0-	

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>Total Governmental Funds</u>
Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:	
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$32,940,443 and the accumulated depreciation is \$17,708,578	\$ 15,231,865
Interest on long-term debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.	(52,850)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(2,492,388)
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:	
Changes in Assumptions - Pensions	78,374
Changes in Proportions - Pensions	202,456
Investment Gains - Pensions	(148,533)
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(3,446,122)
Deferred Bond Interest costs are not reported as expenditures in the Governmental Funds in the year of the expenditures.	126,724
Bond premiums are reported as revenue in the Governmental Funds in the year the bonds are sold. The premium is \$527,537 and accumulated amortization is \$175,846	<u>(351,691)</u>
Net Position of Governmental Activities	<u>\$ 12,325,587</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 14,444,951			\$ 543,350	\$ 14,988,301
Tuition - Individuals	73,704				73,704
Miscellaneous	135,043	\$ 30,780			165,823
Total - Local Sources	14,653,698	30,780		543,350	15,227,828
State Sources	1,806,254				1,806,254
Federal Sources		168,020			168,020
Total Revenue	16,459,952	198,800		543,350	17,202,102
EXPENDITURES					
Current:					
Regular Instruction	3,296,336	50,937			3,347,273
Special Education Instruction	1,053,536	147,863			1,201,399
School Sponsored/Other Instruction	194,545				194,545
Support Services and Undistributed Costs:					
Tuition	4,727,473				4,727,473
Student & Instruction Related Services	1,304,982				1,304,982
General Administrative Services	385,540				385,540
School Administrative Services	312,891				312,891
Central Services	276,511				276,511
Administrative Information Technology	30,863				30,863
Plant Operations and Maintenance	1,031,131				1,031,131
Pupil Transportation	733,667				733,667
Allocated and Unallocated Benefits	2,268,227				2,268,227

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES					
Debt Service:					
Principal				\$ 370,000	\$ 370,000
Interest and Other Charges				173,350	173,350
Transfer of Funds to Charter Schools	\$ 37,483				37,483
Capital Outlay	120,909		\$ 330,100		451,009
Total Expenditures	15,774,094	\$ 198,800	330,100	543,350	16,846,344
Excess/(Deficit) of Revenue over/(under) Expenditures	685,858		(330,100)		355,758
OTHER FINANCING SOURCES/(USES)					
Transfers In			25,800		25,800
Transfers Out	(25,800)				(25,800)
Total Other Financing Sources/(Uses)	(25,800)		25,800		
Net Change in Fund Balances	660,058		(304,300)		355,758
Fund Balance—July 1	2,485,194		336,800		2,821,994
Fund Balance—June 30	<u>\$ 3,145,252</u>	<u>\$ - 0 -</u>	<u>\$ 32,500</u>	<u>\$ - 0 -</u>	<u>\$ 3,177,752</u>

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$	355,758
Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.		
	Depreciation Expense	\$ (442,396)
	Capital Outlays	<u>394,447</u>
		(47,949)
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.		370,000
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+)		(1,673)
Repayment of capital leases is an expenditures 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		70,152
The governmental funds report the effect of deferred interest costs 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 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		(187,854)
Deferred Outflows:		
Changes in Assumptions		78,374
Changes in Proportion		202,456
Deferred Inflows:		
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		(148,533)
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. (+)		43,961
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 (+).		<u>4,932</u>
Change in Net Position - Governmental Activities (From Exhibit A-2)	\$	<u><u>723,784</u></u>

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

Exhibit B-4

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

ASSETS:

Current Assets:		
Cash and Cash Equivalents	\$	12,748
Intergovernmental Receivable:		
Federal		1,499
State		99
Interfund Receivable:		
General Fund		6,168
Inventories		3,786
		<hr/>
Total Current Assets		24,300
Non-Current Assets:		
Capital Assets, Net of Depreciation		
Depreciable Furniture and Equipment		18,652
		<hr/>
Total Non-Current Assets		18,652
		<hr/>
Total Assets		42,952
		<hr/>
LIABILITIES:		
Current Liabilities:		
Unearned Revenue		2,554
Accounts Payable - Vendors		8,827
		<hr/>
Total Current Liabilities		11,381
		<hr/>
NET POSITION:		
Net Investment in Capital Assets		18,652
Unrestricted		12,919
		<hr/>
Total Net Position	\$	31,571
		<hr/> <hr/>

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

Exhibit B-5

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Operating Revenue:	
Local Sources:	
Daily Sales	\$ 94,432
Miscellaneous Revenue	190
	<hr/>
Total Operating Revenue	94,622
	<hr/>
Operating Expenses:	
Cost of Sales	59,635
Salaries, Benefits & Payroll Taxes	49,111
Supplies, Insurance & Other Costs	4,113
Management Fee	11,027
Depreciation Expense	4,666
	<hr/>
Total Operating Expenses	128,552
	<hr/>
Operating Loss	(33,930)
Non-Operating Revenue:	
Local Sources:	
Interest Income	61
State Sources:	
State School Lunch Program	1,149
Federal Sources:	
National School Lunch Program	18,182
Food Distribution Program	8,683
	<hr/>
Total Non-Operating Revenue	28,075
	<hr/>
Change in Net Position	(5,855)
Net Position - Beginning of Year	37,426
	<hr/>
Net Position - End of Year	\$ 31,571
	<hr/> <hr/>

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

Exhibit B-6

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 93,401
Payments to Employees	(49,111)
Payments to Food Service Vendor	(53,247)
Payments to Suppliers	(4,113)
	(13,070)
Net Cash Used for Operating Activities	
Cash Flows Provided for Investing Activities:	
Local Sources:	
Interest Income	61
	61
Net Cash Provided by Investing Activities	
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	1,194
Federal Sources:	
National School Lunch Program	18,978
	20,172
Net Cash Provided by Noncapital Financing Activities	
Net Increase in Cash and Cash Equivalents	
	7,163
Cash and Cash Equivalents, July 1	
	5,585
Cash and Cash Equivalents, June 30	
	\$ 12,748
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (33,930)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	4,666
Food Distribution Program	8,683
Changes in Assets and Liabilities:	
(Increase) in Inventory	(710)
(Increase) in Interfund Accounts Receivable	(1,221)
Increase in Unearned Revenue	615
Increase in Accounts Payable	8,827
	(13,070)
Net Cash Used for Operating Activities	
	\$ (13,070)

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities through the Food Distribution Program valued at \$9,298 and Utilized Commodities Valued at \$8,683.

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

Exhibit B-7

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Agency</u>	<u>Unemployment Compensation Fund</u>
ASSETS:		
Cash and Cash Equivalents	\$ 284,121	\$ 185,696
Interfund Receivable		39,277
	<hr/>	<hr/>
Total Assets	284,121	224,973
	<hr/>	<hr/>
LIABILITIES:		
Payroll Deductions and Withholdings	3,359	
Accrued Salaries and Wages	193,571	
Due to Student Groups	36,214	
Interfund Payable	50,977	
	<hr/>	<hr/>
Total Liabilities	284,121	
	<hr/>	<hr/>
NET POSITION:		
Held in Trust for Unemployment Claims		224,973
	<hr/>	<hr/>
Total Net Position	\$ -0-	\$ 224,973
	<hr/> <hr/>	<hr/> <hr/>

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

Exhibit B-8

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Fund</u>
Additions:	
Contributions:	
Employee Contributions	\$ 10,157
Board Contributions	40,000
Total Contributions	<u>50,157</u>
Investment Earnings:	
Interest	410
Net Investment Earnings	<u>410</u>
Total Additions	<u>50,567</u>
Deductions	
Unemployment Compensation Claims	<u>9,304</u>
Total Deductions	<u>9,304</u>
Change in Net Position	41,263
Net Position - Beginning of the Year	<u>183,710</u>
Net Position - End of the Year	<u><u>\$ 224,973</u></u>

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District includes one elementary and one middle school located in the Borough of Morris Plains. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Unemployment Compensation Fund, Student Activities Fund and Payroll Agency Fund.

C. Measurement Focus and Basis of Accounting

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

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

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.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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

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, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 16,459,482	\$ 198,907
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		(107)
Prior Year State Aid Payments Recognized for GAAP Statements	68,384	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(67,914)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u><u>\$ 16,459,952</u></u>	<u><u>\$ 198,800</u></u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 15,774,094	\$ 198,907
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		<u>(107)</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 15,774,094</u></u>	<u><u>\$ 198,800</u></u>
	<u>Capital Projects Fund</u>	
	<u>Fund Balance</u>	<u>Revenue</u>
Fund Balance/Revenue per Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis)	\$ 205,979	\$ 173,479
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Revenue/Receivable not Recognized on GAAP Basis	<u>(173,479)</u>	<u>(173,479)</u>
Fund Balance/Revenue per Governmental Funds (GAAP)	<u><u>\$ 32,500</u></u>	<u><u>\$ -0-</u></u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

E. Cash and Cash Equivalents and Investments:

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

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.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

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

H. Encumbrances: (Cont'd)

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

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 their estimated fair market value on the date received. 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 fund 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:

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

K. Capital Assets: (Cont'd)

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District allows certain employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year. As of June 30, 2015, the amount earned by these employees but not disbursed was \$193,571.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

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

O. Unearned Revenue:

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the \$3,145,252 General Fund fund balance at June 30, 2015, \$148,444 is assigned for encumbrances and \$278,765 is assigned for subsequent year's expenditures. \$912,132 is restricted in the capital reserve account; \$25,000 has been restricted in the maintenance reserve account and \$300,000 is restricted in the tuition reserve. \$700,860 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, 2017; \$533,684 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2016, and \$246,367 is unassigned fund balance, which is \$67,914 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, 2016.

Capital Projects Fund: Of the \$32,500 committed Capital Projects Fund fund balance at June 30, 2015, \$25,600 is for encumbrances.

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

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$67,914, as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$1,981,838 in governmental activities, which is primarily due to unrestricted fund balance of \$378,253, changes in assumptions of pensions of 78,374, changes in proportions of pensions of \$202,456; offset by net pension liability of \$2,492,388, and investment gains of pensions for \$148,533. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

R. Net Position: (Cont'd)

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2015 for the deferred amount on refunding, changes in assumptions in pensions, and changes in proportions in pensions.

The District had deferred inflows of resources at June 30, 2015 and the net difference between projected and actual investment earnings on pension plan investments.

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

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

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

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a capital reserve, a tuition reserve, and a maintenance reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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

The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has \$32,500 of committed resources in the Capital Projects Fund at June 30, 2015 which is \$173,479 less on the GAAP basis due to the recognition of SDA grants.

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, 2015.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

W. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. 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 Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, 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.

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.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

Deposits: (Cont'd)

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

Investments: (Cont'd)

- (d) the underlying securities are purchased through a public depository as defined in statute; and
- (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2015, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents			Total
		Capital Reserve	Maintenance Reserve	Tuition Reserve	
Checking & Savings Accounts	\$ 2,327,013	\$ 912,132	\$ 25,000	\$ 300,000	\$ 3,564,145
	<u>\$ 2,327,013</u>	<u>\$ 912,132</u>	<u>\$ 25,000</u>	<u>\$ 300,000</u>	<u>\$ 3,564,145</u>

During the period ended June 30, 2015, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2015, was \$3,564,145 and the bank balance was \$4,124,638.

NOTE 4: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2015, the District transferred \$46,939 to capital outlay accounts of which \$30,701 for equipment for which County Superintendent's approval in not required. The remaining \$16,238 was for facilities and was approved by the County Superintendent.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

	Beginning Balance 6/30/2014	Increases	Adjustments/ Decreases	Balance 6/30/2015
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 951,200			\$ 951,200
Construction in Progress		\$ 330,100		330,100
Total Capital Assets not Being Depreciated	<u>951,200</u>	<u>330,100</u>		<u>1,281,300</u>
Capital Assets Being Depreciated:				
Site Improvements	930,749			930,749
Buildings and Building Improvements	29,652,341			29,652,341
Machinery and Equipment	1,011,706	64,347		1,076,053
Total Capital Assets Being Depreciated	<u>31,594,796</u>	<u>64,347</u>		<u>31,659,143</u>
Governmental Activities Capital Assets	<u>32,545,996</u>	<u>394,447</u>	\$ - 0 -	<u>32,940,443</u>
Less Accumulated Depreciation for:				
Site Improvements	(422,610)	(46,538)		(469,148)
Buildings and Building Improvements	(16,483,494)	(343,555)		(16,827,049)
Machinery and Equipment	(360,078)	(52,303)		(412,381)
Total Accumulated Depreciation	<u>(17,266,182)</u>	<u>(442,396)</u>		<u>(17,708,578)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 15,279,814</u>	<u>\$ (47,949)</u>	<u>\$ - 0 -</u>	<u>\$ 15,231,865</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 58,197			\$ 58,197
Less Accumulated Depreciation	(34,879)	\$ (4,666)		(39,545)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 23,318</u>	<u>\$ (4,666)</u>	<u>\$ - 0 -</u>	<u>\$ 18,652</u>
GRAND TOTAL	<u>\$ 15,303,132</u>	<u>\$ (52,615)</u>	<u>\$ - 0 -</u>	<u>\$ 15,250,517</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 7,429
General and School Administration Services	33,105
Operations and Maintenance of Plant	6,985
General/Unallocated	394,877
	<u>\$ 442,396</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 6. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Balance at June 30, 2014	\$ 434,632
Increased by Board Resolution June 30, 2015	<u>500,000</u>
	934,632
Budget Withdrawal	<u>(22,500)</u>
Balance at June 30, 2015	<u><u>\$ 912,132</u></u>

The balance in the capital reserve account at June 30, 2015 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan ("LRFP"). The withdrawal from the capital reserve was for use in a DOE approved facilities project consistent with the District's LRFP.

NOTE 7. LONG-TERM LIABILITIES:

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the district-wide financial statements:

	(Restated) Balance 6/30/2014	Accrued	Retired	Balance 6/30/2015
Bonds Payable	\$ 3,695,000		\$ 370,000	\$ 3,325,000
Capital Leases Payable	141,268		70,152	71,116
Net Pension Liability	2,304,534	\$ 187,854		2,492,388
Compensated Absences Payable	<u>48,333</u>	<u>1,673</u>		<u>50,006</u>
	<u>\$ 6,189,135</u>	<u>\$ 189,527</u>	<u>\$ 440,152</u>	<u>\$ 5,938,510</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable:

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

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

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

The District has bonds outstanding as of June 30, 2015 as follows:

<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
2/15/2023	4.00-5.00%	\$ 3,325,000

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

<u>Fiscal Year Ending June 30,</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 380,000	\$ 158,550	\$ 538,550
2017	390,000	143,350	533,350
2018	400,000	127,750	527,750
2019	420,000	107,750	527,750
2020	425,000	86,750	511,750
2021-2023	1,310,000	132,250	1,442,250
	<u>\$ 3,325,000</u>	<u>\$ 756,400</u>	<u>\$ 4,081,400</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2015, the Board has no bonds authorized but not issued.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 7. LONG-TERM LIABILITIES: (Cont'd)

C. Capital Leases Payable:

The District entered into a capital lease to purchase equipment in the fiscal year ended June 30, 2013. The capital lease is for a term of three years and will be retired through the General Fund. The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at June 30, 2015.

Fiscal Year Ending June 30,	Amount
2016	\$ 72,093
Less: Amount representing interest	(977)
Present Value of Minimum Lease Payments	\$ 71,116

The current portion of capital leases payable at June 30, 2015 is \$71,116.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$2,492,388. See Note 8 for further information on the PERS.

E. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability and will be liquidated through the General Fund. There is no current portion of the compensated absences balance of the governmental funds in the current year; therefore, the entire \$50,006 represents the long-term liability balance of compensated absences.

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

NOTE 8. PENSION PLANS:

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit 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 members 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 50 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. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$109,743 for fiscal year 2015.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. 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

At June 30, 2015, the District reported a liability of \$2,492,388 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. 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, 2014, the District's proportion was 0.013%, which was an increase of 0.0012% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$165,356. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 78,374	
Changes in Proportion	202,456	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		\$ 148,533
	<u>\$ 280,830</u>	<u>\$ 148,533</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2015	\$ (22,726)
2016	(22,726)
2017	(22,726)
2018	(22,726)
2019	14,407
Thereafter	6,338
	<u>\$ (70,159)</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. 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 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 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 upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2014 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:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the Net Pension Liability	\$ 3,135,510	\$ 2,492,388	\$ 1,952,330

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

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

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. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$208,612 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,065,506.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$19,801,491. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. 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 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, 2014, the District's proportion was 0.037%, which was a decrease of 0.003% from its proportion measured as of June 30, 2013.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		19,801,491
Total	\$	19,801,491

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$1,065,506 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 2,306,623,861	
Difference Between Expected and Actual Experience		\$ 21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		1,741,236,574
	\$ 2,306,623,861	\$ 1,763,205,593

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$21,969,019 reported as deferred outflows of resources related to pensions resulting from differences between expected and actual experience will be amortized over a period of 8.5 years. The \$1,741,236,574 reported as a deferred inflow of resources resulting from the difference between projected and actual investment earnings on pension plan investments will be amortized over 5 years.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. 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)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2015	\$ (130,688,498)
2016	(130,688,498)
2017	(130,688,498)
2018	(130,688,496)
2019	304,620,646
Thereafter	761,551,612
	<u>\$ 543,418,268</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 is summarized in the following table:

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 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 upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 8. 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 net pension liability of the State as of June 30, 2014 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:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
Total Net Pension Liability	\$ 64,722,984,539	\$53,813,067,539	\$44,738,870,539

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 \$9,161 for the fiscal year ended June 30, 2015. Employee contributions to DCRP amounted to \$16,796 for the fiscal year ended June 30, 2015.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 9. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$75,000 was established by the Morris Plains Borough School District by board resolution on June 7, 2011. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. 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, 2014	\$ 25,000
Balance at June 30, 2015	<u>\$ 25,000</u>

NOTE 10. POST-RETIREMENT BENEFITS

P.L. 1987, C.384 and P.L. 1990, C.6 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$331,173, \$256,983, and \$289,170, for 2015, 2014, and 2013, respectively.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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 insures property and liability through purchased insurance policies with the exception of workers' compensation coverage. The District is a member of the Morris Essex Insurance Group (the "Group"). The Group provides its members with workers' compensation coverage. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school districts established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

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, 2015 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, 2014 is as follows:

	<u>Morris Essex Insurance Group</u>
Total Assets	\$ 8,623,310
Net Position	\$ 5,409,944
Total Revenue	\$ 3,086,254
Total Expenses	\$ 1,290,579
Change in Net Position	\$ 1,061,855
Net Position Distribution to Participating Members	\$ 733,820

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

The Burton Agency
44 Bergen Street
PO Box 270
Westwood, New Jersey 07675
(201) 664-0310

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

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 expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$ 40,000	\$ 9,176	\$ 192	\$ 19,696	\$ 115,680
2013-2014	40,000	49,316	315	21,601	183,710
2014-2015	40,000	10,157	410	9,304	224,973

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2015.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 49,247	\$ 6,168
Special Revenue Fund		37,001
Capital Projects Fund		546
Proprietary Fund	6,168	
Fiduciary Funds	39,277	50,977
	<u>\$ 94,692</u>	<u>\$ 94,692</u>

The interfund receivable in the General Fund and interfund payable in the Capital Projects Fund represents prior years interest received that will be transferred back during fiscal year 2016. The interfund between the General Fund and the Fiduciary Funds represents payments made on behalf of the Fiduciary Funds. The interfund receivable and payable in the Fiduciary Funds represent employee contributions to the State Unemployment account that are currently held in the Payroll Agency Account. The interfund between the General Fund and the Special Revenue Fund represents cash advanced to the Special Revenue Fund due to the delay between the request and receipt of reimbursements on federal grants. The interfund between the General Fund and the Proprietary Fund represents subsidized reimbursements received in the General Fund not yet turned over to the Food Service Fund.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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 other pending lawsuits. The District estimates that the potential claims against it resulting from such other litigation and not covered by insurance would not materially affect the financial position of the District.

Grant Programs

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

Arbitrage

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 16. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2015, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 148,444	\$ 107	\$ 25,600	\$ 174,151

On the District's Governmental Funds Balance Sheet as of June 30, 2015, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. On the GAAP basis, actual encumbrances of \$107 are not recognized until paid and are reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. Also, year-end encumbrances in the Capital Projects Fund are included in committed fund balance on the GAAP basis.

NOTE 17. TUITION RESERVE ACCOUNT

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

The District established a \$300,000 tuition reserve during 2013/2014 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2016.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 18. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statements to record the net pension liability as of June 30, 2014 as a result of implementing Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

	Balance 6/30/14 as Previously Reported	Retroactive Adjustments	Balance 6/30/14 as Restated
<u>Governmental Activities:</u>			
Statement of Net Position:			
Liabilities:			
Non-Current Liabilities	\$ 3,884,601	\$ 2,304,534	\$ 6,189,135
Total Liabilities	4,361,981	2,304,534	6,666,515
Net Position:			
Unrestricted/(Deficit)	704,462	(2,304,534)	(1,600,072)
Total Net Position	13,906,337	(2,304,534)	11,601,803

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 TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability	0.0120580574%	0.0133120961%
District's proportionate share of the net pension liability	\$ 2,304,534	\$ 2,492,388
District's covered employee payroll	\$ 902,229	\$ 891,550
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	255.43%	279.56%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

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 TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 92,008	\$ 119,037
Contributions in relation to the contractually required contribution	<u>(92,008)</u>	<u>(119,037)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 902,229	\$ 891,550
Contributions as a percentage of covered employee payroll	10.20%	13.35%

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'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
State's proportion of the net pension liability attributable to the District	0.0395777400%	0.0370490117%
State's proportionate share of the net pension liability attributable to the District	\$ 20,002,279	\$ 19,801,491
District's covered employee payroll	\$ 3,887,313	\$ 3,825,033
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	514.55%	517.68%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%

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
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

BUDGETARY COMPARISON SCHEDULES

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 14,444,951		\$ 14,444,951	\$ 14,444,951	
Tuition - Other Lea's within the State	40,000		40,000		\$ (40,000)
Tuition - Individuals	36,000		36,000	73,704	37,704
Unrestricted Miscellaneous Revenue	84,000		84,000	135,043	51,043
Total - Local Sources	14,604,951		14,604,951	14,653,698	48,747
State Sources:					
Transportation Aid	41,947		41,947	41,947	
Special Education Aid	504,750		504,750	504,750	
Security Aid	13,211		13,211	13,211	
PARCC Readiness Aid	8,530		8,530	8,530	
Per Pupil Growth Aid	8,530		8,530	8,530	
Extraordinary Aid	200,000		200,000	202,648	2,648
Extraordinary Aid - Excess Prior Year				3,082	3,082
School Choice Aid	202,770		202,770	189,252	(13,518)
Non Public Transportation				9,048	9,048
On-Behalf TPAF Pension Contributions (Non-Budgeted)				208,612	208,612
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				331,173	331,173
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				285,001	285,001
Total State Sources	979,738		979,738	1,805,784	826,046
TOTAL REVENUE	15,584,689		15,584,689	16,459,482	874,793

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 285,791		\$ 285,791	\$ 208,761	\$ 77,030
Grades 1-5 - Salaries of Teachers	1,465,313	\$ (28,412)	1,436,901	1,399,694	37,207
Grades 6-8 - Salaries of Teachers	1,092,827	90,328	1,183,155	1,179,692	3,463
Regular Programs - Home Instruction:					
Salaries of Teachers	8,000	3,539	11,539	11,539	
Purchased Professional and Education Services	3,000		3,000	1,624	1,376
Regular Programs - Undistributed Instruction:					
Purchased Professional - Technical Services	44,200	(44,200)			
Other Purchased Services (400-500 series)	161,890	43,538	205,428	192,626	12,802
General Supplies	230,339	63,173	293,512	274,562	18,950
Textbooks	37,348	(1,000)	36,348	27,838	8,510
Total Regular Programs - Instruction	<u>3,328,708</u>	<u>126,966</u>	<u>3,455,674</u>	<u>3,296,336</u>	<u>159,338</u>
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	679,970		679,970	676,954	3,016
Other Salaries for Instruction	162,722	64,000	226,722	221,294	5,428
General Supplies	8,174		8,174	4,833	3,341
Total Resource Room/Resource Center	<u>850,866</u>	<u>64,000</u>	<u>914,866</u>	<u>903,081</u>	<u>11,785</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Preschool Disabilities - Full-Time:					
Salaries of Teachers	\$ 136,092		\$ 136,092	\$ 69,545	\$ 66,547
Other Salaries for Instruction	89,827		89,827	80,440	9,387
General Supplies	526		526	470	56
Total Preschool Disabilities - Full-Time	<u>226,445</u>		<u>226,445</u>	<u>150,455</u>	<u>75,990</u>
Total Special Education - Instruction	<u>1,077,311</u>	\$ 64,000	<u>1,141,311</u>	<u>1,053,536</u>	<u>87,775</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	56,387		56,387	53,339	3,048
General Supplies	250		250	250	
Total Basic Skills/Remedial - Instruction	<u>56,637</u>		<u>56,637</u>	<u>53,589</u>	<u>3,048</u>
Bilingual Education - Instruction:					
Salaries for Teachers	36,138		36,138	29,073	7,065
General Supplies	449	(218)	231	185	46
Total Bilingual Education - Instruction	<u>36,587</u>	<u>(218)</u>	<u>36,369</u>	<u>29,258</u>	<u>7,111</u>
School-Sponsored Cocurricular - Instruction:					
Salaries	33,124	26,791	59,915	41,407	18,508
Purchased Services (300-500 series)	700		700	250	450
Supplies and Materials	7,933		7,933	6,909	1,024
Total School-Sponsored Cocurricular - Instruction	<u>41,757</u>	<u>26,791</u>	<u>68,548</u>	<u>48,566</u>	<u>19,982</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 52,408		\$ 52,408	\$ 52,383	\$ 25
Supplies and Materials	5,781	\$ 119	5,900	4,139	1,761
Other Object	1,389		1,389	1,325	64
Transfers to Cover Deficit (Agency Funds)	5,404	(119)	5,285	5,285	
Total School-Sponsored Cocurricular Athletics - Instruction	<u>64,982</u>		<u>64,982</u>	<u>63,132</u>	<u>1,850</u>
 Total Instruction	 <u>4,605,982</u>	 <u>217,539</u>	 <u>4,823,521</u>	 <u>4,544,417</u>	 <u>279,104</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	3,373,704		3,373,704	3,373,704	
Tuition to Other LEAs Within the State - Special	615,938	(92,206)	523,732	349,414	174,318
Tuition to County Vocational School District - Regular	37,536		37,536	33,197	4,339
Tuition to Private Schools for the Handicapped - Within State	1,271,657	(168,575)	1,103,082	971,158	131,924
Total Undistributed Expenditures - Instruction	<u>5,298,835</u>	<u>(260,781)</u>	<u>5,038,054</u>	<u>4,727,473</u>	<u>310,581</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 131,300	\$ 6,764	\$ 138,064	\$ 138,064	
Purchased Professional and Technical Services	4,386	714	5,100	5,100	
Supplies and Materials	1,948		1,948	1,486	\$ 462
Total Health Services	<u>137,634</u>	<u>7,478</u>	<u>145,112</u>	<u>144,650</u>	<u>462</u>
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	55,406	2,863	58,269	58,269	
Purchased Professional - Educational Services	419,181	(14,438)	404,743	354,096	50,647
Supplies and Materials	945		945	515	430
Total Other Support Services - Speech, OT, PT and Related Services	<u>475,532</u>	<u>(11,575)</u>	<u>463,957</u>	<u>412,880</u>	<u>51,077</u>
Other Support Services - Students - Extraordinary Services:					
Salaries	27,246	134	27,380	27,380	
Total Other Support Services - Students - Extraordinary Services	<u>27,246</u>	<u>134</u>	<u>27,380</u>	<u>27,380</u>	
Other Support Services - Students - Guidance:					
Salaries	90,137	807	90,944	90,944	
Purchased Professional - Educational Services	4,993		4,993	4,988	5
Other Purchased Services (400 - 500 series)	11,000		11,000	11,000	
Supplies and Materials	750		750	482	268
Total Other Support Services - Students - Guidance	<u>106,880</u>	<u>807</u>	<u>107,687</u>	<u>107,414</u>	<u>273</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Other Support Services - Students - Child Study Team:					
Salaries of Secretarial and Clerical Assistants	\$ 28,500	\$ 1,500	\$ 30,000	\$ 28,528	\$ 1,472
Purchased Professional - Educational Services	282,500	(9,530)	272,970	226,047	46,923
Supplies and Materials	9,754	897	10,651	4,991	5,660
Total Other Support Services - Students - Child Study Team	<u>320,754</u>	<u>(7,133)</u>	<u>313,621</u>	<u>259,566</u>	<u>54,055</u>
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	53,330	59,970	113,300	113,300	
Salaries of Other Professional Staff	9,600		9,600		9,600
Purchased Professional Education Services	368		368		368
Supplies and Materials	1,020		1,020	995	25
Total Improvement of Instructional Services	<u>64,318</u>	<u>59,970</u>	<u>124,288</u>	<u>114,295</u>	<u>9,993</u>
Educational Media Services/School Library:					
Salaries	100,418		100,418	96,086	4,332
Salaries of Technology Coordinators	95,387	6,485	101,872	101,872	
Purchased Professional and Technical Services	6,000	1,500	7,500	7,500	
Other Purchased Services (400-500 Series)	11,560	600	12,160	12,159	1
Supplies and Materials	12,031	(2,100)	9,931	9,338	593
Total Educational Media Services/School Library	<u>225,396</u>	<u>6,485</u>	<u>231,881</u>	<u>226,955</u>	<u>4,926</u>
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	8,000	1,374	9,374	\$ 8,342	1,032
Other Objects	3,500		3,500	3,500	
Total Instructional Staff Training Services	<u>11,500</u>	<u>1,374</u>	<u>12,874</u>	<u>11,842</u>	<u>1,032</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Support Services - General Administration:					
Salaries	\$ 243,275	\$ (4,484)	\$ 238,791	\$ 229,025	\$ 9,766
Legal Services	36,000	14,000	50,000	23,063	26,937
Audit Fees	27,000		27,000	27,000	
Architectural/Engineering Fees	7,500		7,500		7,500
Other Purchased Services	19,900		19,900	14,331	5,569
Communications/Telephone	52,260		52,260	25,988	26,272
BOE Other Purchased Professional Services	5,500	(2,000)	3,500	2,981	519
Other Purchased Services (400-500 series)	13,500	2,000	15,500	12,063	3,437
General Supplies	2,500		2,500	793	1,707
BOE In-House Training/ Meeting Supplies	2,500		2,500	1,981	519
Judgements Against School District		11,500	11,500	35,026	(23,526)
Miscellaneous Expenditures	3,850		3,850	5,410	(1,560)
BOE Membership Dues and Fees	8,500		8,500	7,879	621
Total Support Services - General Administration	<u>422,285</u>	<u>21,016</u>	<u>443,301</u>	<u>385,540</u>	<u>57,761</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	181,353	8,238	189,591	182,290	7,301
Salaries of Secretarial and Clerical Assistants	106,911	20,529	127,440	121,142	6,298
Other Purchased Services (400-500 series)	4,000		4,000	180	3,820
Supplies and Materials	7,569		7,569	7,569	
Other Objects	2,700		2,700	1,710	990
Total Support Services - School Administration	<u>302,533</u>	<u>28,767</u>	<u>331,300</u>	<u>312,891</u>	<u>18,409</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Central Services:					
Salaries	\$ 241,906		\$ 241,906	\$ 230,599	\$ 11,307
Purchased Technical Services	16,500	\$ 28,362	44,862	30,789	14,073
Miscellaneous Purchased Services (400-500 series)	8,000	600	8,600	7,827	773
Supplies and Materials	7,500	(822)	6,678	6,306	372
Other Objects	1,500		1,500	990	510
Total Central Services	<u>275,406</u>	<u>28,140</u>	<u>303,546</u>	<u>276,511</u>	<u>27,035</u>
Administrative Information Technology:					
Purchased Technical Services	27,491	2,139	29,630	23,399	6,231
Other Purchased Services (400-500 Series)	13,117	(600)	12,517		12,517
Supplies and Materials	10,000		10,000	7,464	2,536
Total Administrative Information Technology	<u>50,608</u>	<u>1,539</u>	<u>52,147</u>	<u>30,863</u>	<u>21,284</u>
Required Maintenance of School Facilities:					
Salaries	76,100		76,100	72,642	3,458
Cleaning, Repair and Maintenance Services	178,802	15,754	194,556	173,983	20,573
General Supplies	22,000	815	22,815	22,605	210
Other Objects	2,535	5,225	7,760	7,757	3
Total Required Maintenance of School Facilities	<u>279,437</u>	<u>21,794</u>	<u>301,231</u>	<u>276,987</u>	<u>24,244</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	\$ 4,000		\$ 4,000	\$ 2,800	\$ 1,200
General Supplies	4,000		4,000	322	3,678
Total Care and Upkeep of Grounds	<u>8,000</u>		<u>8,000</u>	<u>3,122</u>	<u>4,878</u>
Security:					
Cleaning, Repair, and Maintenance Services	6,900		6,900	4,901	1,999
General Supplies	2,000		2,000	998	\$ 1,002
Total Security	<u>8,900</u>		<u>8,900</u>	<u>5,899</u>	<u>3,001</u>
Custodial Services:					
Salaries	376,410	\$ 10,124	386,534	354,247	32,287
Cleaning, Repairs, and Maintenance Services	12,000		12,000	11,324	676
Other Purchased Property Services	5,532	4,500	10,032	6,860	3,172
Insurance	63,840		63,840	63,321	519
Miscellaneous Purchased Services	41,727	2,525	44,252	44,252	
General Supplies	62,419	474	62,893	58,332	4,561
Energy (Natural Gas)	65,198	19,999	85,197	39,573	45,624
Energy (Electricity)	234,487	(3,625)	230,862	167,214	63,648
Energy (Gasoline)	4,000		4,000		4,000
Total Custodial Services	<u>865,613</u>	<u>33,997</u>	<u>899,610</u>	<u>745,123</u>	<u>154,487</u>
Student Transportation Services:					
Salaries: Between Home and School - Regular	5,000		5,000	1,145	3,855
Contracted Services: Other Between Home and School - Vendors	52,980	(3,025)	49,955	31,607	18,348
Contracted Services: Between Home and School - Joint Agreement	10,169		10,169	9,575	594

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Student Transportation Services: (Cont'd):					
Contracted Services: Regular Students - ESC's	\$ 259,310	\$ 3,025	\$ 262,335	\$ 262,335	
Contracted Services: Special Education Students - ESC's	383,371		383,371	374,780	\$ 8,591
Contracted Services: Aid in Lieu of Payments - Non Public Schools	50,967		50,967	50,055	912
Miscellaneous Purchased Services - Transportation	8,500		8,500	3,727	4,773
Supplies and Materials	5,443	(5,000)	443	443	
Total Student Transportation Services	<u>775,740</u>	<u>(5,000)</u>	<u>770,740</u>	<u>733,667</u>	<u>37,073</u>
Unallocated Benefits:					
Social Security Contribution	134,511	19,300	153,811	150,964	2,847
Other Retirement Contributions - PERS	126,288	(2,827)	123,461	119,037	4,424
Unemployment Compensation	40,000		40,000	40,000	
Workmen's Compensation	78,948	2,827	81,775	64,195	17,580
Health Benefits	1,259,015	(95,155)	1,163,860	993,674	170,186
Tuition Reimbursement	50,000		50,000	44,884	5,116
Other Employee Benefits	64,000	(9,759)	54,241	30,687	23,554
Total Unallocated Benefits	<u>1,752,762</u>	<u>(85,614)</u>	<u>1,667,148</u>	<u>1,443,441</u>	<u>223,707</u>
On-Behalf Contributions:					
On-Behalf TPAF Pension Contributions (Non-Budgeted)				208,612	(208,612)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				331,173	(331,173)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				285,001	(285,001)
Total On-Behalf Contributions				<u>824,786</u>	<u>(824,786)</u>
Total Undistributed Expenditures	<u>11,409,379</u>	<u>(158,602)</u>	<u>11,250,777</u>	<u>11,071,285</u>	<u>179,492</u>
TOTAL CURRENT EXPENSE	<u>16,015,361</u>	<u>58,937</u>	<u>16,074,298</u>	<u>15,615,702</u>	<u>458,596</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CAPITAL OUTLAY:					
Equipment:					
Undistributed Expenditures - Security	\$ 50,735	\$ 30,701	\$ 81,436	\$ 54,609	\$ 26,827
Total Equipment	<u>50,735</u>	<u>30,701</u>	<u>81,436</u>	<u>54,609</u>	<u>26,827</u>
Facilities Acquisition and Construction Services:					
Construction Services	11,000	5,238	16,238	9,738	6,500
Other Objects - Debt Service Assessment	<u>56,562</u>	<u> </u>	<u>56,562</u>	<u>56,562</u>	<u> </u>
Total Facilities Acquisition and Construction Services	<u>67,562</u>	<u>5,238</u>	<u>72,800</u>	<u>66,300</u>	<u>6,500</u>
Total Capital Outlay	<u>118,297</u>	<u>35,939</u>	<u>154,236</u>	<u>120,909</u>	<u>33,327</u>
Transfer Funds to Charter Schools	<u>103,698</u>	<u>(2,970)</u>	<u>100,728</u>	<u>37,483</u>	<u>63,245</u>
TOTAL EXPENDITURES	<u>16,237,356</u>	<u>91,906</u>	<u>16,329,262</u>	<u>15,774,094</u>	<u>555,168</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(652,667)	(91,906)	(744,573)	685,388	1,429,961

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Uses:					
Transfer to Capital Projects Fund From Capital Reserve		\$ (22,500)	\$ (22,500)	\$ (22,500)	
Transfer to Capital Projects Fund from Capital Outlay		(3,300)	(3,300)	(3,300)	
Total Other Financing Uses		(25,800)	(22,500)	(25,800)	
Excess/(Deficiency) of Revenues and Other Financing Uses					
Over/(Under) Expenditures and Other Financing	\$ (652,667)	(117,706)	(770,373)	659,588	\$ 1,429,961
Fund Balance, July 1	2,553,578		2,553,578	2,553,578	
Fund Balance, June 30	\$ 1,900,911	\$ (117,706)	\$ 1,783,205	\$ 3,213,166	\$ 1,429,961
<u>Recapitulation:</u>					
Restricted:					
Capital Reserve				\$ 912,132	
Excess Surplus - Designated for Subsequent Year's Expenditures				533,684	
Excess Surplus				700,860	
Tuition Reserve 2015-2016				300,000	
Maintenance Reserve				25,000	
Assigned:					
Designated for Subsequent Year's Expenditures				278,765	
Year End Encumbrances				148,444	
Unassigned Fund Balance				314,281	
				3,213,166	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				(67,914)	
Fund Balances per Governmental Funds (GAAP)				\$ 3,145,252	

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenue:					
Local Sources		\$ 32,056	\$ 32,056	\$ 30,887	\$ (1,169)
Federal Sources	\$ 136,700	38,161	174,861	168,020	(6,841)
Total Revenue	<u>136,700</u>	<u>70,217</u>	<u>206,917</u>	<u>198,907</u>	<u>(8,010)</u>
Expenditures:					
Instruction:					
Salaries of Teachers		3,280	3,280		3,280
Purchased Professional/Technical Services		5,530	5,530	5,530	
Other Purchased Services		142,333	142,333	142,333	
General Supplies		38,491	38,491	37,322	1,169
Total Instruction		<u>189,634</u>	<u>189,634</u>	<u>185,185</u>	<u>4,449</u>
Support Services:					
Tuition	136,700	(136,700)			
Employee Benefits		623	623		623
Purchased Professional/Technical Services		4,299	4,299	4,299	
Purchased Professional/Educational Services		445	445		445
Other Purchased Services		10,841	10,841	8,580	2,261
Supplies and Materials		1,075	1,075	843	232
Total Support Services	<u>136,700</u>	<u>(119,417)</u>	<u>17,283</u>	<u>13,722</u>	<u>3,561</u>
Total Expenditures	<u>\$ 136,700</u>	<u>\$ 70,217</u>	<u>\$ 206,917</u>	<u>\$ 198,907</u>	<u>\$ 8,010</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 16,459,482	\$ 198,907
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		(107)
Prior Year State Aid Payment Recognized for GAAP Statements	68,384	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(67,914)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and and Changes in Fund Balances - Governmental Funds.	<u>\$ 16,459,952</u>	<u>\$ 198,800</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 15,774,094	\$ 198,907
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		<u>(107)</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 15,774,094</u>	<u>\$ 198,800</u>

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, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. Appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end. The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Local Grants	No Child Left Behind	
		Title I	Title IIA
REVENUE:			
Local Sources	\$ 30,887		
Federal Sources		\$ 6,435	\$ 13,722
Total Revenue	30,887	6,435	13,722
EXPENDITURES:			
Instruction:			
Purchased Professional/Technical Services			
Other Purchased Services			
General Supplies	30,887	6,435	
Total Instruction	30,887	6,435	
Support Services:			
Purchased Professional/Technical Services			4,299
Other Purchased Services			8,580
Supplies and Materials			843
Total Support Services			13,722
Total Expenditures	\$ 30,887	\$ 6,435	\$ 13,722

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	IDEA		Totals
	Part B	Preschool	
REVENUE:			
Local Sources			\$ 30,887
Federal Sources	\$ 142,333	\$ 5,530	168,020
Total Revenue	142,333	5,530	198,907
EXPENDITURES:			
Instruction:			
Purchased Professional/Technical Services		5,530	5,530
Other Purchased Services	142,333		142,333
General Supplies			37,322
Total Instruction	142,333	5,530	185,185
Support Services:			
Purchased Professional/Technical Services			4,299
Other Purchased Services			8,580
Supplies and Materials			843
Total Support Services			13,722
Total Expenditures	\$ 142,333	\$ 5,530	\$ 198,907

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOT APPLICABLE

CAPITAL PROJECTS FUND

Exhibit F-1

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, 2015

Revenue:	
SDA Grant	\$ 173,479
Total Revenues	<u>173,479</u>
Expenditures:	
Construction Services	<u>330,100</u>
Total Expenditures	<u>330,100</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(156,621)
Other Financing Sources:	
Operating Transfers In - Capital Outlay	3,300
Operating Transfers In - Capital Reserve	<u>22,500</u>
Total Deficiency and Other Financing Sources	<u>25,800</u>
Deficiency of Revenue and Other Financing Sources Under Expenditures	(130,821)
Fund Balance - Beginning Balance	<u>336,800</u>
Fund Balance - Ending Balance	<u>\$ 205,979</u>
<u>Recapitulation:</u>	
Committed - Year-End Encumbrances	\$ 25,600
Committed - Other Purposes	<u>180,379</u>
Fund Balance per Governmental Funds (Budgetary Basis)	205,979
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grant not Recognized on GAAP Basis	<u>(173,479)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 32,500</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
ROOF REPLACEMENT AT BOROUGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
SDA Grant		\$ 144,379	\$ 144,379	\$ 144,379
Transfer from Capital Reserve	\$ 263,800		263,800	263,800
Total Revenue and Other Financing Sources	263,800	144,379	408,179	408,179
Expenditures:				
Construction Services		253,800	253,800	408,179
Total Expenditures		253,800	253,800	408,179
Excess/Deficiency of Revenue and Other Financing Sources				
Over/Under Expenditures	\$ 263,800	\$ (109,421)	\$ 154,379	\$ -0-
Additional Project Information:				
Project Numbers	3380-020-14-1002			
Grant Date	7/25/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 408,179			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	62.18%			
Original Target Completion Date	12/31/14			
Revised Target Completion Date	12/31/15			

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SITE IMPROVEMENTS AT MOUNTAIN WAY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
SDA Grant		\$ 14,420	\$ 14,420	\$ 14,420
Transfer from Capital Outlay		3,300	3,300	3,300
Transfer from Capital Reserve	\$ 31,625	22,500	54,125	54,125
Total Revenue and Other Financing Sources	31,625	40,220	71,845	71,845
Expenditures:				
Construction Services		34,925	34,925	71,845
Total Expenditures		34,925	34,925	71,845
Excess/Deficiency of Revenue and Other Financing Sources Over/Under Expenditures	\$ 31,625	\$ 5,295	\$ 36,920	\$ -0-

Additional Project Information:

Project Numbers	3380-020-14-1003
Grant Date	7/25/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 71,845

Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	48.61%
Original Target Completion Date	12/31/14
Revised Target Completion Date	12/31/15

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
SITE IMPROVEMENTS AT BOROUGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
SDA Grant		\$ 14,680	\$ 14,680	\$ 14,680
Transfer from Capital Reserve	\$ 41,375		41,375	41,375
Total Revenue and Other Financing Sources	41,375	14,680	56,055	56,055
Expenditures:				
Construction Services		41,375	41,375	56,055
Total Expenditures		41,375	41,375	56,055
Excess/Deficiency of Revenue and Other Financing Sources				
Over/Under Expenditures	\$ 41,375	\$ (26,695)	\$ 14,680	\$ -0-
Additional Project Information:				
Project Numbers	3380-020-14-1001			
Grant Date	7/25/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 56,055			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	73.81%			
Original Target Completion Date	12/31/15			
Revised Target Completion Date	N/A			

PROPRIETARY FUNDS

Exhibit G-1

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS:

Current Assets:		
Cash and Cash Equivalents	\$	12,748
Intergovernmental Accounts Receivable:		
Federal		1,499
State		99
Interfund Accounts Receivable:		
General Fund		6,168
Inventories		3,786
Total Current Assets		<u>24,300</u>
Non-Current Assets:		
Capital Assets, Net of Depreciation		
Depreciable Furniture and Equipment		18,652
Total Non-Current Assets		<u>18,652</u>
Total Assets		<u>42,952</u>

LIABILITIES:

Current Liabilities:		
Accounts Payable - Vendors		8,827
Unearned Revenue		2,554
Total Current Liabilities		<u>11,381</u>

NET POSITION:

Net Investment in Capital Assets		18,652
Unrestricted		12,919
Total Net Position	\$	<u><u>31,571</u></u>

Exhibit G-2

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, 2015

Operating Revenue:	
Local Sources:	
Daily Sales	\$ 94,432
Miscellaneous Revenue	190
	<hr/>
Total Operating Revenue	94,622
	<hr/>
Operating Expenses:	
Cost of Sales	59,635
Salaries, Benefits & Payroll Taxes	49,111
Supplies, Insurance & Other Costs	4,113
Management Fee	11,027
Depreciation Expense	4,666
	<hr/>
Total Operating Expenses	128,552
	<hr/>
Operating Loss	(33,930)
Non-Operating Income:	
Local Sources:	
Interest Income	61
State Sources:	
State School Lunch Program	1,149
Federal Sources:	
National School Lunch Program	18,182
Food Distribution Program	8,683
	<hr/>
Total Non-Operating Income	28,075
	<hr/>
Change in Net Position	(5,855)
Net Position - Beginning of Year	37,426
	<hr/>
Net Position - End of Year	\$ 31,571
	<hr/> <hr/>

Exhibit G-3

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 93,401
Payments to Employees	(49,111)
Payments to Food Service Vendor	(53,247)
Payments to Suppliers	(4,113)
	<hr/>
Net Cash Used for Operating Activities	(13,070)
	<hr/>
Cash Flows Provided for Investing Activities:	
Local Sources:	
Interest Income	61
	<hr/>
Net Cash Provided by Investing Activities	61
	<hr/>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	1,194
Federal Sources:	
National School Lunch Program	18,978
	<hr/>
Net Cash Provided by Noncapital Financing Activities	20,172
	<hr/>
Net Increase in Cash and Cash Equivalents	7,163
Cash and Cash Equivalents, July 1	5,585
	<hr/>
Cash and Cash Equivalents, June 30	\$ 12,748
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (33,930)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	4,666
Food Distribution Program	8,683
Changes in Assets and Liabilities:	
(Increase) in Inventory	(710)
(Increase) in Interfund Accounts Receivable	(1,221)
Increase in Unearned Revenue	615
Increase in Accounts Payable	8,827
	<hr/>
Net Cash Used for Operating Activities	\$ (13,070)
	<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 \$9,298 and Utilized Commodities Valued at \$8,683.

FIDUCIARY FUNDS

Exhibit H-1

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Agency</u>		<u>Totals</u>	<u>Unemployment Compensation Fund</u>
	<u>Payroll</u>	<u>Student Activity</u>		<u>Fund</u>
ASSETS:				
Cash and Cash Equivalents	\$ 236,613	\$ 47,508	\$ 284,121	\$ 185,696
Interfund Receivable from Payroll Agency				39,277
Total Assets	236,613	47,508	284,121	224,973
LIABILITIES:				
Payroll Deductions and Withholdings	3,359		3,359	
Accrued Salaries and Wages	193,571		193,571	
Due to Student Groups		36,214	36,214	
Interfund Payable to General Fund	406	11,294	11,700	
Interfund Payable to Unemployment Compensation Fund	39,277		39,277	
Total Liabilities	236,613	47,508	284,121	
NET POSITION:				
Held in Trust for Unemployment Claims				224,973
	\$ -0-	\$ -0-	\$ -0-	\$ 224,973

Exhibit H-2

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Unemployment Compensation Fund	Totals
	<u>Fund</u>	<u>Totals</u>
Additions:		
Contributions:		
Employee Contributions	\$ 10,157	\$ 10,157
Board Contributions	40,000	40,000
Total Contributions	<u>50,157</u>	<u>50,157</u>
Investment Earnings:		
Interest	410	410
Net Investment Earnings	<u>410</u>	<u>410</u>
Total Additions	<u>50,567</u>	<u>50,567</u>
Deductions		
Unemployment Compensation Claims	<u>9,304</u>	<u>9,304</u>
Total Deductions	<u>9,304</u>	<u>9,304</u>
Change in Net Position	41,263	41,263
Net Position - Beginning of the Year	<u>183,710</u>	<u>183,710</u>
Net Position - End of the Year	<u>\$ 224,973</u>	<u>\$ 224,973</u>

Exhibit H-3

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 50,451	\$ 115,211	\$ 118,154	\$ 47,508
Total Assets	<u>\$ 50,451</u>	<u>\$ 115,211</u>	<u>\$ 118,154</u>	<u>\$ 47,508</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Interfund Payable to General Fund	\$ 11,294			\$ 11,294
Due to Student Groups	<u>39,157</u>	<u>\$ 115,211</u>	<u>\$ 118,154</u>	<u>\$ 36,214</u>
Total Liabilities	<u>\$ 50,451</u>	<u>\$ 115,211</u>	<u>\$ 118,154</u>	<u>\$ 47,508</u>

Exhibit H-4

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
Student Activities Account	\$ 36,977	\$ 109,916	\$ 114,189	\$ 32,704
Referee Account	<u>2,180</u>	<u>5,295</u>	<u>3,965</u>	<u>3,510</u>
Total All School Accounts	<u>\$ 39,157</u>	<u>\$ 115,211</u>	<u>\$ 118,154</u>	<u>\$ 36,214</u>

Exhibit H-5

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 204,760	\$ 6,677,655	\$ 6,645,802	\$ 236,613
Total Assets	<u>\$ 204,760</u>	<u>\$ 6,677,655</u>	<u>\$ 6,645,802</u>	<u>\$ 236,613</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 2,894	\$ 6,469,393	\$ 6,468,928	\$ 3,359
Accrued Salaries and Wages	172,746	193,571	172,746	193,571
Interfund Payable to General Fund		406		406
Interfund Payable to Unemployment Compensation Fund	<u>29,120</u>	<u>14,285</u>	<u>4,128</u>	<u>39,277</u>
Total Liabilities	<u>\$ 204,760</u>	<u>\$ 6,677,655</u>	<u>\$ 6,645,802</u>	<u>\$ 236,613</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2015		Interest Rate	Balance June 30, 2014	Retired or Matured	Balance June 30, 2015
			Date	Amount				
Refunding School Bonds	06/01/11	\$ 4,470,000	02/15/16	\$ 380,000	4.000%			
			02/15/17	390,000	4.000%			
			02/15/18	400,000	5.000%			
			02/15/19	420,000	5.000%			
			02/15/20	425,000	5.000%			
			02/15/21	425,000	5.000%			
			02/15/22	435,000	5.000%			
			02/15/23	450,000	5.000%			
					\$ 3,695,000	\$ 370,000	\$ 3,325,000	
					<u>\$ 3,695,000</u>	<u>\$ 370,000</u>	<u>\$ 3,325,000</u>	

Exhibit I-2

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Purpose</u>	<u>Int. Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2014</u>	<u>Matured</u>	<u>Balance June 30, 2015</u>
Equipment	2.75%	\$ 210,468	\$ 141,268	\$ 70,152	\$ 71,116
			<u>\$ 141,268</u>	<u>\$ 70,152</u>	<u>\$ 71,116</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 543,350		\$ 543,350	\$ 543,350	
Total Revenues	<u>543,350</u>		<u>543,350</u>	<u>543,350</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	173,350		173,350	173,350	
Redemption of Principal	370,000		370,000	370,000	
Total Regular Debt Service	<u>543,350</u>		<u>543,350</u>	<u>543,350</u>	
Total Expenditures	<u>543,350</u>		<u>543,350</u>	<u>543,350</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures					
Fund Balance, July 1					
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

STATISTICAL SECTION

STATISTICAL SECTION
UNAUDITED

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

Contents

	<u>Exhibit</u>
<p>Financial Trends</p> <p>These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.</p>	J-1 thru J-5
<p>Revenue Capacity</p> <p>These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.</p>	J-6 thru J-9
<p>Debt Capacity</p> <p>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.</p>	J-10 thru J-13
<p>Demographic and Economic Information</p> <p>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.</p>	J-14 thru J-15
<p>Operating Information</p> <p>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.</p>	J-16 thru J-20

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

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015
Governmental Activities										
Net Investment in Capital Assets	\$ 1,902,179	\$ 4,006,850	\$ 10,319,214	\$ 10,613,787	\$ 10,718,823	\$ 10,945,202	\$ 11,179,959	\$ 11,296,836	\$ 11,443,546	\$ 11,835,749
Restricted	3,935,139	2,072,521	1,029,674	785,968	964,132	1,069,956	1,400,007	1,513,176	1,758,329	2,471,676
Unrestricted/(Deficit)	272,470	263,016	436,334	281,108	115,447	166,853	86,182	285,399	(1,600,072)	(1,981,838)
Total Governmental Activities Net Position	\$ 6,109,788	\$ 6,342,387	\$ 11,785,222	\$ 11,680,863	\$ 11,798,402	\$ 12,182,011	\$ 12,666,148	\$ 13,095,411	\$ 11,601,803	\$ 12,325,587
Business-Type Activities										
Net Investment in Capital Assets	\$ 24,313	\$ 21,966	\$ 24,313	\$ 19,620	\$ 17,273	\$ 22,767	\$ 31,471	\$ 27,197	\$ 23,318	\$ 18,652
Unrestricted	6,397	8,269	13,807	17,637	20,230	18,045	8,455	7,608	14,108	12,919
Total Business-Type Activities Net Position	\$ 30,710	\$ 30,235	\$ 38,120	\$ 37,257	\$ 37,503	\$ 40,812	\$ 39,926	\$ 34,805	\$ 37,426	\$ 31,571
District-Wide/(Deficit)										
Net Investment in Capital Assets	\$ 1,926,492	\$ 4,028,816	\$ 10,343,527	\$ 10,633,407	\$ 10,736,096	\$ 10,967,969	\$ 11,211,430	\$ 11,324,033	\$ 11,466,864	\$ 11,854,401
Restricted	3,935,139	2,072,521	1,029,674	785,968	964,132	1,069,956	1,400,007	1,513,176	1,758,329	2,471,676
Unrestricted	278,867	271,285	450,141	298,745	135,677	184,898	94,637	293,007	(1,585,964)	(1,968,919)
Total District Net Position	\$ 6,140,498	\$ 6,372,622	\$ 11,823,342	\$ 11,718,120	\$ 11,835,905	\$ 12,222,823	\$ 12,706,074	\$ 13,130,216	\$ 11,639,229	\$ 12,357,158

* Restated

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 4,252,279	\$ 4,289,548	\$ 4,559,958	\$ 4,049,319	\$ 4,269,963	\$ 4,232,330	\$ 4,439,994	\$ 4,509,210	\$ 4,443,456	\$ 5,168,959
Special Education	705,607	679,580	1,179,653	995,243	1,125,062	1,100,359	1,265,917	1,372,828	1,387,168	1,880,116
Other Instruction	181,891	290,000	249,882	202,323	335,936	322,630	270,553	333,603	277,576	308,633
Support Services:										
Tuition	3,056,303	3,475,095	3,858,451	4,181,420	4,826,292	4,727,528	4,664,999	4,813,104	4,673,662	4,727,473
Student & Instruction Related Services	1,200,181	1,145,941	1,129,591	1,201,566	1,220,097	1,175,150	1,188,869	1,384,421	1,477,922	1,467,110
General and Business Administrative Services	695,479	829,449	721,874	542,243	426,239	481,711	493,717	483,959	361,504	372,336
School Administrative Services	292,059	316,586	517,965	367,020	444,043	370,046	405,968	418,865	458,597	539,080
Central Services				185,678	258,281	283,960	279,952	308,215	312,066	333,638
Administrative Information Technology				58,657	81,384	91,132	93,331	10,192	32,286	30,863
Plant Operations And Maintenance	1,798,137	1,739,864	1,641,977	1,579,350	1,113,391	1,068,762	1,053,227	1,018,900	1,148,966	1,143,834
Pupil Transportation	576,119	715,166	684,547	668,458	670,137	603,024	639,047	671,570	747,381	733,951
Interest On Long-Term Debt	270,094	260,994	247,344	227,126	226,002	166,676	160,090	171,249	152,529	140,297
Unallocated Depreciation				164,233	270,313	393,974	393,974	400,190	394,877	394,877
Capital Outlay				46,010		87,518	11,891	39,323	80,562	56,562
Charter Schools					6,531	32,871	34,320	46,868	57,404	37,483
Total Governmental Activities Expenses	13,028,149	13,742,223	14,791,242	14,468,646	15,273,671	15,137,671	15,395,849	15,982,497	16,005,956	17,335,212
Business-Type Activities:										
Food Service	58,329	147,596	148,960	136,784	126,331	128,083	129,804	129,107	134,253	128,552
Total Business-Type Activities Expense	58,329	147,596	148,960	136,784	126,331	128,083	129,804	129,107	134,253	128,552
Total District Expenses	\$ 13,086,478	\$ 13,889,819	\$ 14,940,202	\$ 14,605,430	\$ 15,400,002	\$ 15,265,754	\$ 15,525,653	\$ 16,111,604	\$ 16,140,209	\$ 17,463,764

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)						\$ 54,992	\$ 52,753	\$ 74,290	\$ 63,807	\$ 73,704
Operating Grants and Contributions	\$ 184,637	\$ 179,509	\$ 2,101,152	\$ 1,300,457	\$ 1,421,747	1,061,940	1,312,184	1,595,296	1,470,035	2,428,623
Capital Grants and Contributions						17,244				
Total Governmental Activities Program Revenues	<u>184,637</u>	<u>179,509</u>	<u>2,101,152</u>	<u>1,300,457</u>	<u>1,421,747</u>	<u>1,134,176</u>	<u>1,364,937</u>	<u>1,669,586</u>	<u>1,533,842</u>	<u>2,502,327</u>
Business-Type Activities:										
Charges for Services:										
Food Service	50,957	131,585	124,655	112,588	99,505	98,577	104,666	98,593	103,735	94,622
Operating Grants and Contributions	33,523	15,536	27,476	25,663	27,042	24,190	24,207	26,136	33,085	28,014
Total Business Type Activities Program Revenues	<u>84,480</u>	<u>147,121</u>	<u>152,130</u>	<u>138,251</u>	<u>126,547</u>	<u>122,767</u>	<u>128,873</u>	<u>124,729</u>	<u>136,820</u>	<u>122,636</u>
Total District Program Revenues	<u>\$ 269,117</u>	<u>\$ 326,630</u>	<u>\$ 2,253,282</u>	<u>\$ 1,438,708</u>	<u>\$ 1,548,294</u>	<u>\$ 1,256,943</u>	<u>\$ 1,493,810</u>	<u>\$ 1,794,315</u>	<u>\$ 1,670,662</u>	<u>\$ 2,624,963</u>
Net (Expense)/Revenue										
Governmental Activities	\$(12,843,512)	\$(13,562,714)	\$(12,690,090)	\$(13,168,189)	\$(13,851,924)	\$(14,003,495)	\$(14,030,912)	\$(14,312,911)	\$(14,472,114)	\$(14,832,885)
Business-Type Activities	26,151	(475)	3,170	1,467	216	(5,316)	(931)	(4,378)	2,567	(5,916)
Total District-Wide Net Expense	<u>\$(12,817,361)</u>	<u>\$(13,563,189)</u>	<u>\$(12,686,920)</u>	<u>\$(13,166,722)</u>	<u>\$(13,851,708)</u>	<u>\$(14,008,811)</u>	<u>\$(14,031,843)</u>	<u>\$(14,317,289)</u>	<u>\$(14,469,547)</u>	<u>\$(14,838,801)</u>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 10,800,824	\$ 11,199,448	\$ 11,647,426	\$ 12,142,867	\$ 12,863,163	\$ 13,377,690	\$ 13,645,244	\$ 13,884,036	\$ 14,161,717	\$ 14,444,951
Taxes Levied for Debt Service	550,094	560,994	323,900	580,844	579,794	578,419	576,359	545,458	529,312	543,350
Unrestricted Grants and Contributions	1,614,476	1,857,161	258,697	302,666	280,668	225,196	211,806	261,013	487,755	433,325
Investment Earnings	74,056	84,987	56,361	22,122	5,646	6,189	6,309	6,917	7,582	12,616
N.J. Economic Development Authority Grants										
Miscellaneous Income	5,918	92,703	244,171	99,994	240,192	199,610	75,331	74,045	96,674	122,427
Total Governmental Activities	13,045,368	13,795,293	12,530,555	13,148,493	13,969,463	14,387,104	14,515,049	14,771,469	15,283,040	15,556,669
Business-Type Activities:										
Investment Earnings			20	15	30	38	45	44	54	61
Prior Year Adjustment- Capital Assets			4,695			8,587				
Total Business-Type Activities			4,715	15	30	8,625	45	44	54	61
Total District-Wide	\$ 13,045,368	\$ 13,795,293	\$ 12,535,270	\$ 13,148,508	\$ 13,969,493	\$ 14,395,729	\$ 14,515,094	\$ 14,771,513	\$ 15,283,094	\$ 15,556,730
Change in Net Position										
Governmental Activities	201,856	232,579	(159,535)	(19,696)	117,539	383,609	484,137	458,558	810,926	723,784
Business-Type Activities	26,151	(475)	7,885	1,482	246	3,309	(886)	(4,334)	2,621	(5,855)
Total District	\$ 228,007	\$ 232,104	\$ (151,650)	\$ (18,214)	\$ 117,785	\$ 386,918	\$ 483,251	\$ 454,224	\$ 813,547	\$ 717,929

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,										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund											
Reserved/Restricted	\$ 1,538,696	\$ 877,182	\$ 1,575,604	\$ 977,741	\$ 775,265	\$ 735,928	\$ 813,687	\$ 1,072,000	\$ 1,493,188	\$ 1,758,329	\$ 2,471,677
Assigned							246,627	298,377	184,901	191,621	427,209
Unassigned							479,655	428,254	494,360	535,244	246,366
Unreserved	404,210	521,874	263,016	488,979	421,216	459,203					
Total General Fund	\$ 1,942,906	\$ 1,399,056	\$ 1,838,620	\$ 1,466,720	\$ 1,196,481	\$ 1,195,131	\$ 1,539,969	\$ 1,798,631	\$ 2,172,449	\$ 2,485,194	\$ 3,145,252
All Other Governmental Funds											
Reserved/Restricted	\$ 6,117,664			\$ 142,250			\$ 9,642	\$ 29,630	\$ 19,988		
Committed										\$ 336,800	\$ 32,500
Unreserved, Reported In:											
Special Revenue Fund											
Capital Projects Fund	1,058,690	\$ 976,509	\$ 496,917	8,605	\$ 10,703	\$ 9,641					
Total All Other Governmental Funds	\$ 7,176,354	\$ 976,509	\$ 496,917	\$ 150,855	\$ 10,703	\$ 9,641	\$ 9,642	\$ 29,630	\$ 19,988	\$ 336,800	\$ 32,500
Total Governmental Funds:											
Reserved	\$ 7,656,360	\$ 877,182	\$ 1,575,604	\$ 1,119,991	\$ 775,265	\$ 735,928	\$ 823,329	\$ 1,101,630	\$ 1,513,176	\$ 1,758,329	\$ 2,471,677
Committed										336,800	32,500
Assigned							246,627	298,377	184,901	191,621	427,209
Unassigned							479,655	428,254	494,360	535,244	246,366
Unreserved	1,462,900	1,498,383	759,933	497,584	431,919	468,844					
Total Governmental Funds	\$ 9,119,260	\$ 2,375,565	\$ 2,335,537	\$ 1,617,575	\$ 1,207,184	\$ 1,204,772	\$ 1,549,611	\$ 1,828,261	\$ 2,192,437	\$ 2,821,994	\$ 3,177,752

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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax Levy	\$ 11,350,918	\$ 11,760,442	\$ 12,218,670	\$ 12,723,711	\$ 13,442,957	\$ 13,956,110	\$ 14,221,603	\$ 14,429,494	\$ 14,691,029	\$ 14,988,301
Tuition Charges					92,473	54,992	52,753	74,290	63,807	73,704
Interest Earned on Capital Reserve Funds	74,056	84,987	56,361	2,294	607	53	388			
Miscellaneous	47,753	92,703	244,171	119,822	153,258	205,744	83,252	103,855	142,204	165,823
State Sources	1,576,641	1,857,161	1,937,493	1,417,231	1,432,387	1,009,750	1,282,664	1,641,810	1,734,024	1,806,254
Federal Sources	180,637	179,509	175,012	185,892	269,528	294,630	239,326	191,606	185,818	168,020
Total Revenue	13,230,005	13,974,802	14,631,707	14,448,950	15,391,210	15,521,279	15,879,986	16,441,055	16,816,882	17,202,102
Expenditures:										
Instruction:										
Regular Instruction	3,860,115	3,826,023	3,137,761	2,948,500	3,095,125	3,026,689	3,157,138	3,166,386	3,210,893	3,347,273
Special Education Instruction	619,803	606,257	858,031	895,991	789,081	770,877	885,580	988,009	1,055,349	1,201,399
School Sponsored/Other Instruction	165,028	176,798	175,681	143,014	234,922	225,724	186,422	234,836	201,554	194,545
Support Services:										
Tuition	3,056,303	3,475,095	3,858,450	4,181,420	4,826,292	4,727,528	4,664,999	4,813,104	4,673,662	4,727,473
Student & Instruction Related Services	1,098,080	1,105,155	853,676	1,059,566	1,080,772	1,022,735	1,056,089	1,232,260	1,350,286	1,304,982
General And Business Administrative Services	657,806	245,325	503,343	538,380	369,749	422,551	425,547	419,158	372,092	385,540
School Administrative Services	243,443	650,964	422,389	299,985	314,579	260,466	279,489	274,119	299,931	312,891
Central Services				170,678	208,588	226,259	221,484	249,871	254,551	276,511
Administrative Information Technology				48,657	68,039	77,263	77,861	10,192	32,286	30,863
Plant Operations And Maintenance	1,671,735	1,637,347	1,229,976	1,000,259	997,773	951,475	932,852	904,630	1,022,033	1,031,131
Pupil Transportation	557,905	702,029	663,478	668,458	665,145	593,533	630,096	662,831	747,381	733,667
Allocated and Unallocated Benefits	688,458	898,428	2,655,003	2,046,770	2,110,200	2,138,761	2,256,047	2,342,393	2,125,135	2,268,227
Debt Service:										
Principal	280,000	300,000	320,000	340,000	350,000	360,000	420,000	360,000	365,000	370,000
Interest And Other Charges	270,094	260,994	251,244	240,844	229,794	218,419	136,371	195,100	184,300	173,350
Capital Outlay	5,102,508	2,052,479	420,636	276,818	47,032	121,290	237,041	387,590	235,468	451,009
Charter Schools					6,531	32,871	34,320	46,868	57,404	37,483
Total Expenditures	18,271,278	15,936,894	15,349,669	14,859,340	15,393,622	15,176,441	15,601,336	16,287,347	16,187,325	16,846,344
Excess/(Deficiency) Of Revenues										
Over/(Under) Expenditures	(5,041,273)	(1,962,092)	(717,962)	(410,390)	(2,412)	344,838	278,650	153,708	629,557	355,758
Other Financing Sources (Uses)										
Proceeds From Sale of Building	90,000	90,000								
Capital Leases (Non-Budgeted)								210,468		
N.J. Economic Development Authority Grants										
Transfers In	50,123	35,035	11,913	1,559	633	35,549			336,800	25,800
Transfers Out	(50,123)	(35,035)	(11,913)	(1,559)	(633)	(35,549)			(336,800)	(25,800)
Total Other Financing Sources (Uses)	90,000	90,000						210,468		
Net Change In Fund Balances	\$ (4,951,273)	\$ (1,872,092)	\$ (717,962)	\$ (410,390)	\$ (2,412)	\$ 344,838	\$ 278,650	\$ 364,176	\$ 629,557	\$ 355,758
Debt Service As A Percentage Of										
Noncapital Expenditures	4.18%	4.04%	3.83%	3.98%	3.78%	3.84%	3.62%	3.49%	3.44%	3.31%

Source: School District Financial Reports

Exhibit J-5

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
2006	\$ 74,056			\$ 137,753	\$ 211,809
2007	84,987			182,703	267,690
2008	44,448			244,171	288,619
2009	20,563		\$ 10,940	90,613	122,116
2010	5,039		174,832	66,467	246,338
2011	6,189	\$ 54,992	187,469	9,999	258,649
2012	6,309	52,753	60,252	15,079	134,393
2013	6,917	74,290	67,507	6,538	155,252
2014	7,582	63,807	51,938	44,736	168,063
2015	12,616	73,704	98,519	23,908	208,747

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)
2005	\$ 5,947,800	\$ 451,719,450	\$ 258,508,200	\$ 52,005,000	\$ 10,412,600	\$ 778,593,050	\$ 35,163,200	\$ 1,449,764	\$ 780,042,814	1.424	\$ 1,155,057,237
2006	4,009,100	454,892,150	257,681,000	52,005,000	10,412,600	778,999,850	34,286,300	1,053,928	780,053,778	1.483	1,374,168,887
2007	4,862,500	455,050,570	252,773,800	52,005,000	10,412,600	775,104,470	35,893,200	1,032,234	776,136,704	1.546	1,616,945,306
2008	4,603,600	456,506,370	250,380,800	52,005,000	10,412,600	773,908,370	35,205,900	1,135,563	775,043,933	1.608	1,525,974,857
2009	* 12,890,400	855,574,700	505,011,300	88,640,000	21,950,000	1,484,066,400	66,386,400	2,305,926	1,486,372,326	0.879	1,598,593,596
2010	11,751,800	856,002,200	483,361,300	102,040,000	21,950,000	1,475,105,300	66,289,200	2,179,649	1,477,284,949	0.927	1,575,266,527
2011	9,854,500	851,279,500	471,785,300	95,040,000	21,950,000	1,449,909,300	66,296,900	2,179,649	1,452,088,949	0.970	1,562,806,186
2012	16,048,400	849,535,800	427,875,100	85,640,000	21,950,000	1,401,049,300	66,296,900	93	1,401,049,393	1.022	1,521,277,573
2013	10,647,500	868,739,400	410,971,500	59,415,000	21,950,000	1,371,723,400	66,845,600	93	1,371,723,493	1.062	1,481,912,270
2014	8,887,600	874,748,000	395,310,000	47,590,000	21,950,000	1,348,485,600	66,845,600	89	1,348,485,689	1.100	1,470,558,402

* Revaluation of Real Property effective in this year.

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					
	Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Municipality	Morris County	
2005	\$ 1.424		\$ 1.424	\$ 0.916	\$ 0.450	\$ 2.790
2006	1.413	\$ 0.070	1.483	0.953	0.444	2.880
2007	1.476	0.070	1.546	1.007	0.497	3.050
2008	1.568	0.040	1.608	1.098	0.455	3.161
2009	* 0.839	0.040	0.879	0.600	0.246	1.725
2010	0.887	0.040	0.927	0.634	0.244	1.805
2011	0.930	0.040	0.970	0.662	0.255	1.887
2012	0.982	0.040	1.022	0.694	0.265	1.981
2013	1.024	0.038	1.062	0.723	0.267	2.052
2014	1.060	0.040	1.100	0.749	0.279	2.128

* Revaluation of Real Property effective in this year.

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

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

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

Source: Municipal Tax Collector and School Business Administrator

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

BOROUGH OF MORRIS PLAINS

<u>2014</u>			<u>2005</u>		
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Mc Neil - PPC Inc.	\$ 145,000,000	10.75%			
Vornado Realty Trust	31,100,000	2.31%			
Individual Taxpayer #1	28,400,000	2.11%			
Forty East Hanover LLC	21,950,000	1.63%			
Mack-Cali Realty Corp	20,200,000	1.50%			
WU LH 100 American LLC	19,050,000	1.41%			
P.M.W. Associates LLC	18,000,000	1.33%			
WU LH 500 American LLC	17,600,000	1.30%			
Stop & Shop Supermarket Co.	16,500,000	1.22%			
M&M At Morris Plains LLC	16,350,000	1.21%			
	<u>\$ 334,150,000</u>	<u>24.77%</u>			
				NOT AVAILABLE	

Source: Municipal Tax Assessor

Exhibit J-9

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>	
2006	\$ 10,859,499	\$ 10,859,499	100.00%	-0-
2007	11,350,918	11,350,918	100.00%	-0-
2008	11,760,442	11,760,442	100.00%	-0-
2009	11,971,326	11,971,326	100.00%	-0-
2010	13,442,957	13,442,957	100.00%	-0-
2011	13,956,109	13,956,109	100.00%	-0-
2012	14,221,603	14,221,603	100.00%	-0-
2013	14,429,494	14,429,494	100.00%	-0-
2014	14,691,029	14,691,029	100.00%	-0-
2015	14,988,301	14,988,301	100.00%	-0-

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,	<u>Governmental Activities</u>		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
2006	\$ 6,753,000	\$ 8,005	\$ 6,761,005	1.69%	\$ 1,128
2007	6,453,000		6,453,000	1.52%	1,065
2008	6,133,000		6,133,000	1.41%	1,014
2009	5,793,000		5,793,000	1.41%	956
2010	5,443,000		5,443,000	1.43%	983
2011	4,840,000		4,840,000	1.21%	871
2012	4,420,000		4,420,000	1.06%	790
2013	4,060,000	210,468	4,270,468	0.99%	744
2014	3,695,000	141,268	3,836,268	0.89%	669
2015	3,325,000	71,116	3,396,116	0.79%	592

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

Exhibit J-11

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		
2006	\$ 6,753,000	-0-	\$ 6,753,000	0.87%	\$ 1,127
2007	6,453,000	-0-	6,453,000	0.83%	1,065
2008	6,133,000	-0-	6,133,000	0.79%	1,014
2009	5,793,000	-0-	5,793,000	0.75%	956
2010	5,443,000	-0-	5,443,000	0.70%	983
2011	4,840,000	-0-	4,840,000	0.33%	871
2012	4,420,000	-0-	4,420,000	0.30%	790
2013	4,060,000	-0-	4,060,000	0.28%	707
2014	3,695,000	-0-	3,695,000	0.26%	645
2015	3,325,000	-0-	3,325,000	0.24%	580

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

Exhibit J-12

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014
UNAUDITED

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable ^a</u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Debt Repaid With Property Taxes:			
Borough of Morris Plains	\$ 9,706,569	100.00%	\$ 9,706,569
Morris County General Obligation Debt	235,116,781	1.71% ^a	<u>4,010,419</u>
Subtotal, Overlapping Debt			13,716,987
Morris Plains School District Direct Debt			<u>3,695,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 17,411,987</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2015

	Morris Plains Borough
Equalized valuation basis	
2014	\$ 1,414,396,476
2013	1,482,944,216
2012	1,500,052,784
	<u>\$ 4,397,393,476</u>
Average Equalized Valuation of Taxable Property	<u>\$ 1,465,797,825</u>
Debt Limit (3% of average equalization value) ^a	<u>\$ 43,973,935</u>
Net Bonded School Debt as of June 30, 2015	3,325,000
Legal Debt Margin	<u>\$ 40,648,935</u>

June 30,

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 37,853,337	\$ 42,081,459	\$ 44,783,573	\$ 46,931,058	\$ 46,800,483	\$ 47,423,602	\$ 47,291,046	\$ 46,330,438	\$ 43,973,935	\$ 43,973,935
Total Net Debt Applicable to Limit	<u>6,753,000</u>	<u>6,453,000</u>	<u>6,133,000</u>	<u>5,793,000</u>	<u>5,443,000</u>	<u>4,840,000</u>	<u>4,420,000</u>	<u>4,060,000</u>	<u>3,695,000</u>	<u>3,325,000</u>
Legal Debt Margin	<u>\$ 31,100,337</u>	<u>\$ 35,628,459</u>	<u>\$ 38,650,573</u>	<u>\$ 41,138,058</u>	<u>\$ 41,357,483</u>	<u>\$ 42,583,602</u>	<u>\$ 42,871,046</u>	<u>\$ 42,871,046</u>	<u>\$ 42,270,438</u>	<u>\$ 40,648,935</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	17.84%	15.33%	13.69%	12.34%	11.63%	10.21%	9.35%	9.35%	8.76%	7.56%

a Limit set by NJSA 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
2006	5,992	\$ 400,043,896	\$ 66,763	3.50%
2007	6,062	423,388,266	69,843	3.50%
2008	6,049	435,146,913	71,937	3.80%
2009	6,062	410,385,276	67,698	3.40%
2010	5,535	379,977,750	68,650	7.80%
2011	5,554	399,410,356	71,914	7.80%
2012	5,597	418,801,122	74,826	7.90%
2013	5,742	430,960,068	75,054	6.30%
2014	5,733 *	430,284,582 *	75,054 **	4.70%
2015	5,733 *	430,284,582 *	75,054 **	4.70%

* - Latest population data available (2014) was used for calculation purposes.

** - Latest Morris County per capita personal income available (2013) was used for calculation purposes.

N/A - Information Unavailable

^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

2014			2005		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
U.S. Army Aramament R&D	5,841	2.27%	Novartis Corporation	5,631	N/A
Novartis	5,035	1.96%	U.S. Army Armament R&D	3,939	N/A
Atlantic Health System	4,463	1.74%	Atlantic Health System	3,667	N/A
ADP	2,060	0.80%	Cendant Corp.	3,006	N/A
Bayer Healthcare, LLC	1,900	0.74%	Lucent Technologies	2,539	N/A
County of Morris	1,674	0.65%	County of Morris	2,268	N/A
Wyndham Worldwide Corporation	1,653	0.64%	Pfizer	2,250	N/A
St. Clare's	1,642	0.64%	St. Clare's Health Services	2,128	N/A
BASF Corporation	1,500	0.58%	Automated Data Processing	1,950	N/A
Accenture	1,480	0.58%	Greystone Psychiatric	1,212	N/A
	<u>27,248</u>	<u>10.60%</u>		<u>28,590</u>	<u>N/A</u>
Total Employment *	<u>257,024</u>			<u>N/A</u>	

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

N/A - Not Available

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction:										
Regular	34.0	41.0	41.0	41.0	40.0	40.0	40.0	41.0	41.0	41.0
Special Education	10.0	24.0	19.0	14.0	11.0	23.0	23.0	22.0	22.0	29.0
Other Instruction	12.0	12.0	12.0	9.0	8.0	1.8	1.8			2.0
Support Services:										
Student & Instruction Related Services	6.0	7.0	7.0	6.5	6.0	7.0	7.0	7.0	7.0	
School Administrative Services	1.5	1.5	3.5	3.5	4.5	4.0	4.0	4.0	4.0	5.0
General and Business Administrative Services	1.5	1.5	2.0	2.0	2.0	4.0	4.0	4.0	4.0	7.0
Other Administrative Services	3.0	3.0				1.0	1.0			
Central Services			1.5	2.0	4.0	2.0	2.0	1.5	2.0	3.0
Other Support Services	3.0	3.0								0.5
Plant Operations and Maintenance	8.0	10.0	12.0	10.0	7.0	7.0	7.0	9.0	9.0	8.0
Pupil Transportation	1.0	1.0	1.0	1.0	0.5	0.5	0.5	0.5	0.5	0.5
Total	80.0	104.0	99.0	89.0	83.0	90.3	90.3	89.0	89.5	96.0

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
2006	597.0	12,219,318	20,468	-3.70%	62.0	1:9.1	597.8	576.0	3.77%	96.35%
2007	616.0	12,891,761	20,928	2.25%	77.0	1:9.6	615.9	592.0	3.01%	96.12%
2008	614.0	14,357,789	23,384	11.73%	72.0	1:8.5	621.0	594.4	0.81%	95.72%
2009	646.0	14,001,678	21,674	-7.31%	64.0	1:10.9	648.0	626.1	4.35%	96.62%
2010	644.0	14,766,796	22,930	5.79%	65.0	1:9.9	630.0	607.3	-2.78%	96.40%
2011	634.0	14,476,732	22,834	-0.42%	58.0	1:10.9	633.0	611.4	0.48%	96.59%
2012	628.0	14,807,924	23,579	3.27%	58.0	1:10.9	625.0	618.2	-1.26%	98.91%
2013	615.0	15,344,657	24,951	5.82%	57.0	1:10.9	612.0	590.4	-2.08%	96.47%
2014	638.0	15,402,557	24,142	-3.24%	58.0	1:10.9	638.0	612.9	4.25%	96.07%
2015	611.0	15,851,985	25,944	7.47%	64.0	1:10.9	612.0	581.8	-4.08%	95.06%

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>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Mountain Way School										
Square Feet	29,658	29,658	29,658	29,658	29,658	29,658	29,658	29,658	29,658	29,658
Capacity (students)	250	250	265	265	265	265	265	265	265	265
Enrollment	235	244	246	258	241	221	213	209	223	207
Borough School (1972, 1992)										
Square Feet	83,859	90,200	90,200	90,200	90,200	90,200	90,200	90,200	90,200	90,200
Capacity (students)	400	400	697	697	697	697	697	697	697	697
Enrollment	362	372	368	388	403	413	405	406	415	404

Number of Schools at June 30, 2015

- Elementary = 1
- Middle School = 1

Note: Year of original construction is shown first in parentheses. Increases in square footage and capacity are the result of additions. 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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Borough	N/A	\$ 365,510	\$ 213,373	\$ 262,094	\$ 176,049	\$ 208,747
Mountain Way	N/A	128,422	87,355	112,326	75,450	71,808
		<u>\$ 493,932</u>	<u>\$ 300,728</u>	<u>\$ 374,420</u>	<u>\$ 251,499</u>	<u>\$ 280,555</u>
<u>School Facilities (Cont'd)</u>	<u>Projects #</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Borough	N/A	\$ 210,884	\$ 198,042	\$ 152,978	\$ 184,410	\$ 227,129
Mountain Way	N/A	46,292	43,473	64,729	40,480	49,858
		<u>\$ 257,176</u>	<u>\$ 241,515</u>	<u>\$ 217,707</u>	<u>\$ 224,890</u>	<u>\$ 276,987</u>

* 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, 2015

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Utica Mutual Insurance Company		
Property - Blanket Building and Contents	\$ 33,857,947	\$ 1,000
Comprehensive General Liability	1,000,000	
Comprehensive General Liability Aggregate	3,000,000	
Comprehensive Automotive Liability	1,000,000	
Comprehensive Fire Damage Limit	1,000,000	
Comprehensive Personal and Advertising Injury	1,000,000	
Comprehensive Products/Completed Operations	1,000,000	
Comprehensive Medical Expense Limit	10,000	
Umbrella Policy - Utica National Insurance Company		
Umbrella Policy	10,000,000	
NJ Cap Program	50,000,000	
School District Legal Liability - Utica National Insurance Company		
Directors and Officers Policy- Per Occurrence	1,000,000	7,500
Directors and Officers Policy- Aggregate	2,000,000	
Employee Benefit Programs - Utica National Insurance Company		
-Per Occurrence	1,000,000	1,000
Employee Benefit Programs - Utica National Insurance Company		
-Aggregate	3,000,000	
Data Processing Coverage		
Blanket Data Processing Equipment	75,000	
Other equipment	Various Limits	
Selective Insurance		
Surety Bonds:		
School Business Administrator/Board Secretary	250,000	
Treasurer of School Monies	250,000	
Morris-Essex Insurance Group		
Workers Compensation - Employer's Liability	MEIG Pool	

SINGLE AUDIT SECTION



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Morris Plains Borough School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2015, 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 20, 2015.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 20, 2015
Mount Arlington, New Jersey

NISIVOCCIA LLP



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



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Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance Required by OMB Circular A-133
and New Jersey OMB's Circulars 04-04 and 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

We have audited the Morris Plains Borough School District (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2015. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2015.

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 or NJOMB 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

November 20, 2015
Mount Arlington, New Jersey

NISIVOCIA LLP



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, 2015

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014			Cash Received	Budgetary Expenditures	Adjustment	Balance at June 30, 2015		
					Budgetary Accounts Receivable	Unearned Revenue	Due to Grantor				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	IDEA338015	7/1/14-6/30/15	\$ 147,628			\$ 114,891	\$ (142,333)			\$ 27,442		
I.D.E.A. Part B, Basic	84.027	IDEA338014	7/1/13-6/30/14	161,989	\$ 161,644		161,644						
I.D.E.A. Part B, Preschool	84.173	IDEA338015	7/1/14-6/30/15	5,530			5,220	(5,530)			310		
Total Special Education Cluster					161,644		281,755	(147,863)			27,752		
No Child Left Behind Consolidated Grant:													
Title I	84.010A	NCLB338015	7/1/14-6/30/15	10,338			3,903	(6,435)			2,532		
Title I	84.010A	NCLB338014	7/1/13-6/30/14	6,436	5,741		5,741						
Title II, Part A	84.367A	NCLB338015	7/1/14-6/30/15	16,660			5,729	(13,722)			7,993		
Title II, Part A	84.367A	NCLB338014	7/1/13-6/30/14	20,307	18,032		18,032						
Total U.S. Department of Education					185,417		315,160	(168,020)			38,277		
U.S. Department of Agriculture:													
Passed-through State Department of Agriculture:													
Child Nutrition Cluster:													
U.S.D.A Commodities Program	10.555	N/A	7/1/14-6/30/15	9,298			9,298	(6,744)			\$ 2,554		
U.S.D.A Commodities Program	10.555	N/A	7/1/13-6/30/14	10,827		\$ 1,939		(1,939)					
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	18,182			16,683	(18,182)			1,499		
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	21,771	2,295		2,295						
Total Child Nutrition Cluster - Total U.S. Department of Agriculture					2,295	1,939	28,276	(26,865)			1,499	2,554	
Total Federal Awards					\$ 187,712	\$ 1,939	\$ -0-	\$ 343,436	\$ (194,885)	\$ -0-	\$ 39,776	\$ 2,554	\$ -0-

N/A - Not Available/Applicable

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014		Cash Received	Budgetary Expenditures	Balance at June 30, 2015		MEMO	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue			GAAP Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education											
General Fund:											
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	41,947	\$ 3,829		\$ 3,829					\$ 41,947
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	504,750	46,074		46,074					504,750
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	13,211	1,206		1,206					13,211
School Choice Aid	14-495-034-5120-068	7/1/13-6/30/14	189,252	17,275		17,275					189,252
Extraordinary Aid	14-100-034-5120-473	7/1/13-6/30/14	298,288	295,206		298,288	\$ (3,082)				298,288
Non Public Transportation Reimbursed TPAF Social Security Contributions	14-495-034-5120-014	7/1/13-6/30/14	7,534	7,534		7,534					7,534
	14-495-034-5095-002	7/1/13-6/30/14	292,948	13,682		13,682					292,948
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	41,947			38,229	(41,947)			\$ 3,718	41,947
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	504,750			460,011	(504,750)			44,739	504,750
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	13,211			12,040	(13,211)			1,171	13,211
School Choice Aid	15-495-034-5120-068	7/1/14-6/30/15	189,252			172,478	(189,252)			16,774	189,252
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	8,530			7,774	(8,530)			756	8,530
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	8,530			7,774	(8,530)			756	8,530
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	202,648				(202,648)	\$ 202,648		202,648	202,648
Non Public Transportation Reimbursed TPAF Social Security Contributions	15-495-034-5120-014	7/1/14-6/30/15	9,048				(9,048)	9,048		9,048	9,048
	15-495-034-5095-002	7/1/14-6/30/15	285,001			270,683	(285,001)	14,318		14,318	285,001
Total General Fund State Aid				384,806		1,356,877	(1,265,999)	226,014		293,928	2,610,847
Enterprise Fund:											
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	1,149			1,050	(1,149)	99		99	1,149
State School Lunch Program	14-100-010-3350-023	7/1/13-6/30/14	1,333	144		144					1,333
Total Enterprise Fund				144		1,194	(1,149)	99		99	1,333
Capital Projects Fund:											
School Development Authority											
Site Improvements	3380-020-14-1001	7/1/14-6/30/16	14,680							14,680	
Roof Replacement	3380-020-14-1002	7/1/14-6/30/16	144,379							144,379	
Site Improvements	3380-020-14-1003	7/1/14-6/30/16	14,420							14,420	
Total Capital Projects										173,479	
Total State Awards				\$ 384,950	\$ -0-	\$ 1,358,071	\$ (1,267,148)	\$ 226,113	\$ -0-	\$ 467,506	\$ 2,612,180

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, 2015

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, 2015. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States, Local Governments and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 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 using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. 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 \$470 for the general fund, (\$107) for the special revenue fund (of which \$107 is for local assistance and is not included in the table on the next page) and (\$173,479) for the Capital Projects Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds. The schedule of expenditures of state awards does not include the TPAF Pension Contributions and Post-Retirement Medical contributions paid by the State on behalf of the District of \$208,612 and \$331,173, respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,806,254	\$ 1,806,254
Special Revenue Fund	\$ 168,020		168,020
Food Service Fund	<u>26,865</u>	<u>1,149</u>	<u>28,014</u>
	<u>\$ 194,885</u>	<u>\$ 1,807,403</u>	<u>\$ 2,002,288</u>

NOTE 4. 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 5. FEDERAL AND STATE LOANS OUTSTANDING

Morris Plains Borough School District had no loan balances outstanding at June 30, 2015.

NOTE 6. 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, 2015. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has active grants awarded in the amount of \$173,479 from the School Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2015, \$-0- has been expended and submitted for reimbursement and \$-0- has been drawn down and received.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 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 audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circulars 04-04 and 15-08 or Section 510(a) of Federal OMB Circular A-133.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 for fiscal year end June 30, 2015 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

<u>State:</u>	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
General State Aid				
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	\$ 504,750	\$ 504,750
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	13,211	13,211
School Choice Aid	15-495-034-5120-068	7/1/14-6/30/15	189,252	189,252
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	8,530	8,530
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	8,530	8,530

- The threshold used for distinguishing between State Type A and Type B programs was \$300,000.
- The District was determined to be a "low-risk" auditee for state programs.

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

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

Findings and Questioned Costs for Federal Awards:

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

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal circular and New Jersey's OMB Circulars 04-04 and 15-08.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings:

There were no prior year audit findings.