

MORRIS SCHOOL DISTRICT

***MORRIS SCHOOL DISTRICT
BOARD OF EDUCATION***

***COUNTY OF MORRIS
MORRISTOWN, NEW JERSEY***

***COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR
ENDED JUNE 30, 2012***

**MORRIS SCHOOL DISTRICT
COUNTY OF MORRIS, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2012**

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INTRODUCTORY SECTION

MORRIS SCHOOL DISTRICT
OFFICE OF THE BUSINESS ADMINISTRATOR/BOARD SECRETARY
31 HAZEL STREET
MORRISTOWN, NJ 07960
(973) 292-2300 FAX (973) 292-2011

November 21, 2012

Honorable President and
Members of the Board of Education
Morris School District
Morristown, New Jersey

Dear President Bangiola and Board Members:

The Comprehensive Annual Financial Report of the Morris School District for the fiscal year ended June 30, 2012 is hereby submitted. Responsibility for both the accuracy of these data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Morris School 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 and a list of principal officials. The Financial Section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The Statistical Section includes selected financial and demographic information 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 of 1984 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Treasury Circular Letter 04-04 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit Section of this report.

1. REPORTING ENTITY AND ITS SERVICES: Morris School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Morris School District Board of Education 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 12. These include regular, vocational, special education, gifted and talented and advanced placement programs that address the Morris School District's student needs. The District completed the 2011-12 fiscal year with an average daily enrollment of 4,927 students, which represented an increase of 35 students from the previous year. Average daily enrollment (ADE) and average daily attendance (ADA) information appears below.

AVERAGE DAILY ENROLLMENT AND ATTENDANCE DATA

<u>Fiscal Year</u>	<u>ADE</u>	<u>ADE Percent Change</u>	<u>ADA</u>
1996-97	4,140	0.4 %	3,942
1997-98	4,236	2.3 %	4,071
1998-99	4,268	0.8 %	4,102
1999-00	4,430	3.8 %	4,259
2000-01	4,512	1.9 %	4,284
2001-02	4,540	0.6 %	4,321
2002-03	4,610	1.5 %	4,378
2003-04	4,631	0.5 %	4,417
2004-05	4,613	(0.4)%	4,407
2005-06	4,621	0.20%	4,416
2006-07	4,627	0.11%	4,421
2007-08	4,667	0.86%	4,463
2008-09	4,750	1.78%	4,533
2009-10	4,786	0.76%	4,579
2010-11	4,892	2.20%	4,686
2011-12	4,927	0.72%	4,719

2. ECONOMIC CONDITION AND OUTLOOK: The District serves an affluent area in northern New Jersey comprised of the Town of Morristown and the Township of Morris. Located in southeastern Morris County within easy access to New York City and Pennsylvania, Morristown and Morris Township experience different enrollment drivers for the district. Higher wealth statistics are centered in the Township, which is the larger of the two municipalities in terms of population, per capita income and geographic area. Morris Township is in the process of revisiting its Master Plan to allow Honeywell / Allied Signal, (their largest taxpayer in 2011), to convert their existing property to a combination of Office, Retail and Residential. The 235 residential units would be a combination of two and three bedroom townhouses with a projected enrollment increase of 38 students'. The Township is projecting that the Assessed Value of the Honeywell site will increase from \$64.9 million to \$201.0 million.

The single biggest enrollment driver for the Town is the percentage of rental housing and its associated rollover. The recently completed residential properties (Transit Village, 40 Park, etc.) have had little impact on the student enrollment of the Morris School District. The district's enrollment growth over the last 10 years has been a cumulative 8.5%

The population in the Township has increased from 21,796 in 2000 to 22,306 in 2010, or a cumulative increase of 2.3% over ten years. The Town's population has decreased from 18,544 in 2000 to 18,411 in 2010 or a cumulative decrease of 0.7% over ten years. Both the Township and Town have seen a decrease in their assessed valuation (tax base) over the last few years; however, the Township continues to absorb a higher percentage of the total tax levy. The total tax base of the district was allocated 66.5% to the Township and 33.5% to the Town in 2012. As one of the largest employers in the area, the Morris School District significantly impacts the economy of its larger community and service area.

3. Major Initiatives: Educational program initiatives of the Morris School District during the 2011-2012 school year included:

**2011-2012
Curriculum Programs**

<i>Program</i>	<i>Project</i>
ESL (Gr. K- 5 Committee) (Mr. Andy Williams)	<ul style="list-style-type: none"> ➤ Commitment program for fidelity. ➤ Implements ID processes and proficiencies. ➤ Establish formative assessment practices ➤ Academic Vocabulary Professional Development
Social Studies (K-12) (Mr. Andy Williams)	<ul style="list-style-type: none"> ➤ Implement Grades K-12 curriculum. ➤ Using Primary Source Documents in Grades 4-12
Visual/Performing Arts	<ul style="list-style-type: none"> ➤ Implement an aligned K-12 art curriculum based on the elements of art and principles of design. ➤ Implement 6-8 curriculum maps in enrichment areas. ➤ Implement curriculum in AP classes.
Practical Arts: Technology Education (6-12)	<ul style="list-style-type: none"> ➤ Implement new curriculum maps for CAD. ➤ Implemented revised Photography program.
Gifted Education (K-12)	<ul style="list-style-type: none"> ➤ Continued with new selection process for Quest. ➤ Implemented new (grades 3-5) program approach/curriculum. ➤ Implement curriculum for grade 6-8 Quest units.
Basic Skills Summer School (Gr. 1-5) (Mr. Andy Williams)	<ul style="list-style-type: none"> ➤ Integrated and inclusionary BSI, ELL and SPED summer program. ➤ Redesign the experience for incorporation of literacy and mathematical skills in an enriching experience. ➤ Implement student-centered family visitation activities.
Primary Bilingual Program	<ul style="list-style-type: none"> ➤ Expand to self-contained programs at all elementary schools ➤ Implement full time bilingual program in grades 3-5 ➤ Implementing a uniform program in K-2 using best practices ➤ Implementation of best practices for WIDA model performance indicators; implementation in all K-12 ELL/bilingual classes ➤ Continued collaborated with mainstream teachers to facilitate a smooth transition for students exiting the Bilingual program ➤ Designed and implemented professional development on best practices in ELL instruction for early elementary learners
K-5 Progress Report	<ul style="list-style-type: none"> ➤ New report card utilized by all K-5 staff for the reporting student progress ➤ Implementation of a differentiated progress report for all students K-5
World Language Proficiency-oriented Curriculum Development (k-12)	<ul style="list-style-type: none"> ➤ Redesign of K-5 program to include Rosetta Stone software ➤ Continue protocol granting for high school credit for education at outside agencies. ➤ Implement level 1, 2, 3 world language curriculum in all languages 6-12 ➤ Update AP Curriculum in Gr. It, Sp. and Latin ➤ Implementation of Italian Language & Culture curriculum materials. ➤ Professional development based on language acquisition proficiency level improvement.

<i>Program</i>	<i>Project</i>
English Language Learner (ELL) Wise Practices (6-12)	<ul style="list-style-type: none"> ➤ Expand course offerings for bilingual students in the mainstream (6-12) ➤ Implement K-12 ELL Curriculum Map ➤ Aligned K-12 ELL Curriculum Map to Common Core Standards and WIDA model performance indicators ➤ Investigated best practices for WIDA model performance indicator implementation in all K-12 ELL/bilingual classes ➤ Collaborated with mainstream teachers to facilitate a smooth transition for students exiting the ELL program
K-5 Language Arts (Mr. Andy Williams)	<ul style="list-style-type: none"> ➤ Updated K-5 curriculum alignment with Common Core ➤ Conduct professional development in best practices for literacy in grades K-5. ➤ Updated and implement the use of diagnostic reading assessment K-5. ➤ Completed research into handwriting practices.
K-12 Computer Education Committee	<ul style="list-style-type: none"> ➤ Review of K-5 Computer Ed curriculum maps. ➤ Review of grade 6-8 curriculum map. ➤ Continued to implement Grade 8 proficiency test. ➤ Planning for 1:1 iPad initiative in 7th grade
K-12 Mathematics Committee (Michael Amendola)	<ul style="list-style-type: none"> ➤ Updated grades 3-5 Curriculum Maps to Common Core ➤ Updated grade 6-8 curriculum maps. ➤ Implemented Algebra I Honors for qualifying 7th grade students. ➤ Implementation of 8th grade Geometry. ➤ Upgrade of text and supplemental materials to support curriculum implementation ➤ Completed Algebra I and II Curriculum
K-12 Science Committee (Michael Amendola)	<ul style="list-style-type: none"> ➤ Completed science curriculum maps in Physics, Biology and Chemistry. ➤ Implemented the expanded K-5 curriculum map to provide more support for homeroom teachers. ➤ Began review of current K-8 curriculum in relation to Next Generation Science Standards ➤ Implemented Engineering is Elementary units in K-5 Science Curriculum ➤ Prepared for course redesign at 9-12 level to include Physics First initiative
K-12 Health and Physical Education Committee	<ul style="list-style-type: none"> ➤ Implementation of Nutrition Units of study with professional support from Atlantic Health ➤ Implementation of K-12 Health Curriculum. ➤ Implementation of K-12 PE Curriculum. ➤ Research Adaptive PE Practices.
6-12 English Language Arts Committee	<ul style="list-style-type: none"> ➤ Implemented grades 6 -12 grade ELA curriculum aligned to the Common core standards ➤ Research into assessment practices and electronic portfolio for all 6-8 LAL students
American Studies I and American Studies II curricula	<ul style="list-style-type: none"> ➤ Implemented an American Studies I and American Studies II curricula at high school aligned to the Common Core Standards and the New Jersey Core Curriculum Content Standards for Social Studies. ➤ Offered both courses to students for 10-11 SY
African American Studies	<ul style="list-style-type: none"> ➤ Implemented an African American Studies curricula at high school aligned to the Common Core Standards and the New Jersey Core Curriculum Content Standards for Social Studies. ➤ Offered the course to senior students (satisfied English IV and a social studies elective)

<i>Program</i>	<i>Project</i>
Classics Academy	<ul style="list-style-type: none"> ➤ Continued to implement two courses (Classical History and Mathematics and Classics Studies Symposium) and revised an AP English course in order to emphasize and connect classical studies. The academy was opened in 9/10. Curricula for all of these courses were developed and aligned with common core standards and NJCCCS.
Latin American Studies, Graphic Storytelling, AP Government and Politics, How Sports Explain the History of the World, and The World According to Dante	<ul style="list-style-type: none"> ➤ Developed curricula for new offerings at the high school. ➤ Implemented initial curricula outlines for each course.
French V Honors AP Spanish Literature and Culture Genocide and Holocaust Studies Algebra II AP Latin Marine Biology Forensic Science Cultural Evolution Biology of Thought Linear Algebra Freshman Physics Introduction to Design and Technology Robotics	<ul style="list-style-type: none"> ➤ Developed proposal for the development of new curricula at the high school. ➤ Developed initial curricula outlines for each course.
Developed and instituted Educational Proficiency Plans	<ul style="list-style-type: none"> ➤ Developed an EPP process for all high school students who have demonstrated academic need as per the requirements set forth by the NJDOE

4. AWARDS:

The Morris School District is proud to recognize the achievements of the Morristown High School Class of 2012. Included among these are 6 National Merit Commended Students, 2 National Achievement Program Outstanding Participants, and 1 National Hispanic Achievement Honor Student. Two students attained perfect scores (2400) on the SATs, and sixty-six students were named AP Scholars. Sophomore Catherine Wong captured 4th place among competitors in the prestigious Intel Science Competition and was chosen among the top fifteen young scientists from around the world in the international Google Science Competition. Members of the Class of 2012 were admitted to the most competitive colleges and universities in the country, including Georgetown, Princeton, Johns Hopkins, Boston College and the Universities of Virginia and Michigan, among others.

In addition to outstanding academic achievements Morristown High school students also garnered state and regional honors in music. Two students were selected for the New Jersey All-State Orchestra, two students were selected for the New Jersey All-State Wind Ensemble, and two students were selected for New Jersey Region Orchestra. A total of eleven Morristown High School musicians were selected for honor bands, ensembles, and orchestras and the Marching Colonials garnered honors in regional, area, and state-wide band competitions.

Morristown High School athletes competed successfully at the highest levels throughout the 2011-2012 school year, and the Frelinghuysen Middle School girls' cross-country team captured the NJSIAA Group III State Championship. The MHS boys' swim team won the highly-competitive Morris County Championship title and the NJSIAA North IIB State Championship. The MHS hockey team ended the season ranked 2nd among all public schools in the state (and #5 overall) while capturing the Halvorsen Division Championship along the way. In addition to highly-successful team efforts, Morristown High School lacrosse player Steve DeLargy was honored as an Academic All-American.

5. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse. To this end, adequate accounting data are compiled periodically to allow accurate preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure 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 financial assistance, the District is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure likewise is subjected to periodic evaluation by district management. Since grant periods differ in their prescribed fiscal years, representations are made prior to the end of the fiscal year for those grants having fiscal years other than July 1 through June 30.

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

6. 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 the voters of the municipalities. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service 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 cancelled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reserves for encumbrances and are included as reservations of fund balance at June 30, 2012.

7. ACCOUNTING SYSTEM AND REPORTS: The District accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the district is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statement", Note 1.

8. FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2012 and the amount and percentage of increases in relation to prior year revenues.

Revenue	FY 2012 Amount	Percent of Total	Increase/ (Decrease) From 2011	Percent of Increase (Decrease)
Local Sources	\$89,691,658.00	86.46%	\$4,1287,820	4.9%
State Sources	14,051,191.00	13.53%	2,457,289	21.2%
Federal Sources	2,972,676.00	0.01%	(454,183)	(13.3)%
Total	\$103,722,576.00	100.00%	\$1,730,281.00	1.75%

Expenditures	FY 2012 Amount	Percent of Total	Increase/ (Decrease) From 2011	Percent of Increase (Decrease)
Current Expense:				
Instruction	34,725,687	36.38%	(1,000,105)	(0.03)%
Undistributed	55,619,192	58.27%	1,390,729	0.03%
Capital Outlay	431,861	0.00%	(171,704)	(2.7)%
Special Schools	0	0.00%	0	0.00%
Special Revenue	3,557,617	3.72%	(813,316)	(19.0)%
Debt Service:				
Principal	840,000	0.01%	5,000.00	0.01%
Interest	274,873	0.00%	(30,772.00)	(10.0)%
Total	95,452,230	100.00%	(3,172,446.00)	(3.21)%

9. DEBT ADMINISTRATION: The District's outstanding debt of \$5,175,000 includes two separate refunding bond issuances for the years 2003 and 2007. These bonds are payable in annual installments ranging from \$60,000 to \$675,000 through 2019.

10. CASH MANAGEMENT: The investment policy of the District is guided by state statute as detailed in "Notes to the Financial Statements", Note 2. 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.

11. 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.

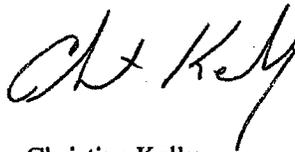
12. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The firm of Hodulik & Morrison, P.A., a professional corporation of accountants and auditors was selected and duly appointed by the Morris School District Board of Education. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the State Treasury Circular Letter 04-04. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

13. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Morris School District Board of Education for its concern in providing fiscal accountability to the citizens and taxpayers of the School District and contributing its full support to the development maintenance of the financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial, business services and accounting staff.

Respectfully submitted,

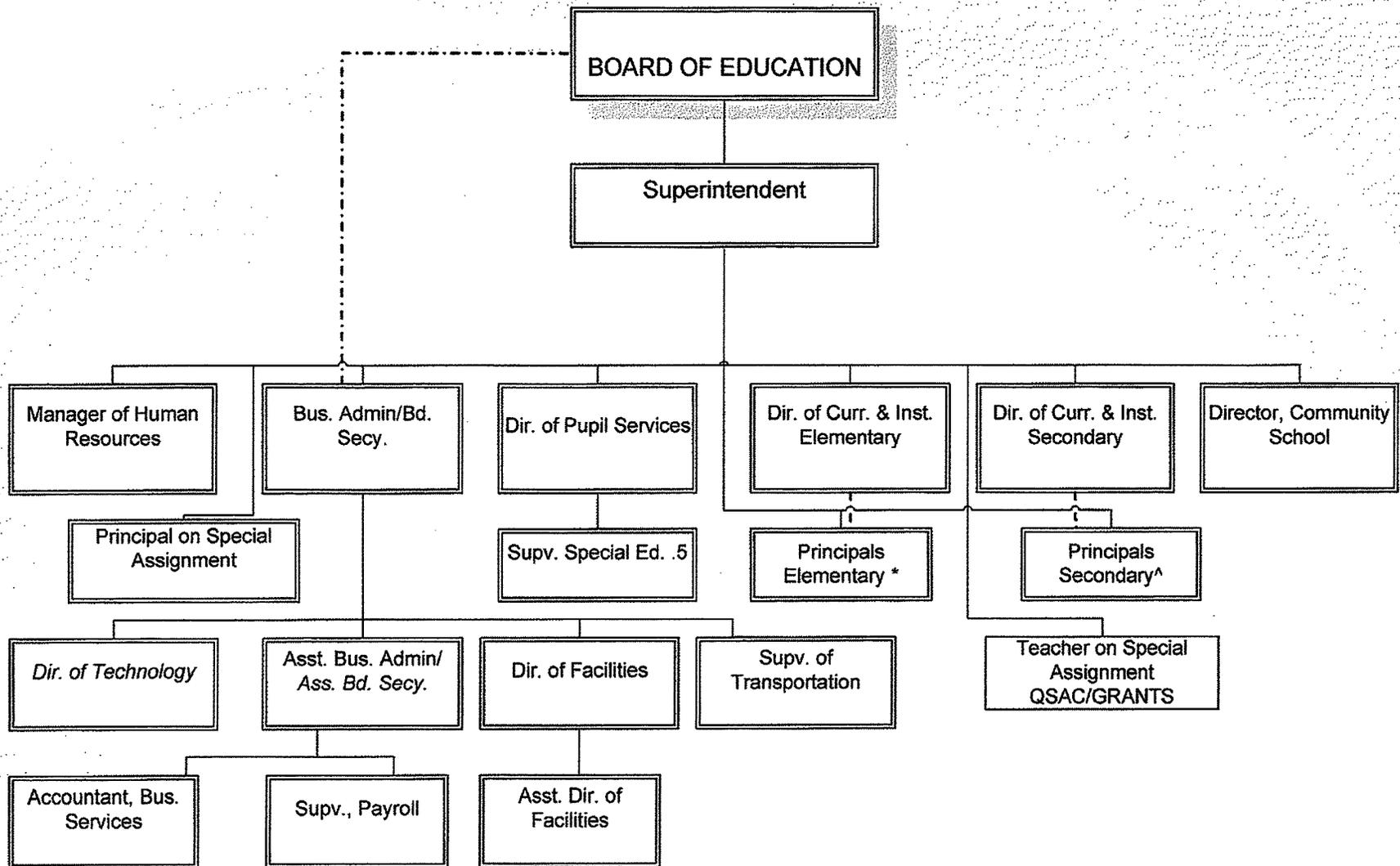


Thomas Ficarra, D.Litt.
Superintendent



Christine Kelly
Business Administrator/Board Secretary

MORRIS SCHOOL DISTRICT
CENTRAL OFFICE



PRESIDENT

Mrs. Nancy Bangiola 2013

VICE-PRESIDENT

Dr. Peter Gallerstein 2013

MEMBERS

Ms. Teresa Murphy 2014

Ms. Lisa J. Pollak 2014

Mr. Leonard Posey 2014

Mrs. Ann Rhines 2015

Dr. Angela Rieck 2013

Mrs. Fran Rosoff 2015

Mrs. Jeanette Thomas 2015

Mr. Alan S. Albin (Morris Plains Rep)

OTHER OFFICIALS

Thomas Ficarra, D. Litt, Superintendent of Schools

Christine A. Kelly, Business Administrator/Board Secretary

Anthony P. Lo Franco, CPA, Assistant Business Administrator/Assistant Board Secretary

James McCreedy, Esq., Board Attorney

**MORRIS SCHOOL DISTRICT
CONSULTANTS AND ADVISORS**

ARCHITECTS

USA Architects
20 North Doughty Ave.
Somerville, NJ 08876

AUDIT FIRM

Hodulik and Morrison, P.A.
1102 Raritan Avenue
Highland Park, N.J. 08904

ATTORNEY

Wiley, Malehorn, Sirota & Raynes
250 Madison Avenue
Morristown, N.J. 07960

Porzio, Bromberg & Newman, PC
100 Southgate Parkway
Morristown, NJ 07960

OFFICIAL DEPOSITORIES

Provident Bank
PO Box 617
Newark, NJ 07101

BOND COUNSEL

McManimon & Scotland, L.L.C.
One Riverfront Plaza, Fourth Floor
Newark, N.J. 07102

FINANCIAL SECTION

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
1102 RARITAN AVENUE, P.O. BOX 1450
HIGHLAND PARK, NJ 08904
(732) 393-1000
(732) 393-1196 (FAX)

ANDREW G. HODULIK, CPA, RMA, PSA
ROBERT S. MORRISON, CPA, RMA, PSA

JO ANN BOOS, CPA, PSA

MEMBERS OF:
AMERICAN INSTITUTE OF CPA'S
NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N.

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Morris School District
Morristown, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Morris School District, in the County of Morris, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the district's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Morris Board of Education's management. 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 and 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 Division of 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Morris School District, in the County of Morris, State of New Jersey, as of June 30, 2012 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2012 on our consideration of the Morris School District's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 17 through 27 and 71 through 89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Morris School District's basic financial statements. The accompanying introductory section, and other supplementary information, including the combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively; and are not a required part of the basic financial statements. The combining and individual fund financial statements, long-term debt schedules and schedules of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants

Robert S. Morrison

Robert S. Morrison
Public School Accountant
PSA # 871

Highland Park, New Jersey
November 21, 2012

**REQUIRED SUPPLEMENTARY
INFORMATION**

PART I

MORRIS SCHOOL DISTRICT
Morristown, New Jersey
Morris County

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
June 30, 2012

This section of the district's annual financial report presents a discussion and analysis of the district's financial performance during the fiscal year ending June 30, 2012. It should be read in conjunction with the transmittal letter at the front of this report and the district's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statement—and Management's Discussion and Analysis—for State and Local Governments issued June 1999 and amended by GASB Statement No. 37. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

The key financial highlights for the 2011-2012 fiscal year include the following:

Governmental funds reported a total fund balance of \$22,701,851, which is a 21.1% increase over last year's total governmental fund balance. The general or operating fund balance was reported at \$21,371,275 of which \$5,700,178 was appropriated toward the 2012-2013 budget. The unassigned general fund balance is reported at \$1,266,339. Total spending for all governmental funds was \$999,100,031. Total revenues were \$104,142,852 resulting in an excess of revenues over expenditures of \$5,042,821 for the year. Revenues increased approximately \$3.5 million over last year and included \$15.3 million in state and federal aid and \$81.7 million in local taxes.

The district held \$9.3 million in its capital reserve account as of 6/30/12 and \$1.5 million in its maintenance reserve account.

A transfer from the general fund to the enterprise (food service) fund of \$260,892 covered the enterprise fund's 2011-2012 operating year loss. This is a function of the district privatizing the food service program and an increase in the reimbursements of Free & Reduced meals and the Federal Food Distribution program.

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 operated like businesses, such as food services.
- Fiduciary funds statements provide information about the financial relationship in which the district acts solely as a trustee or agent for the benefits 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

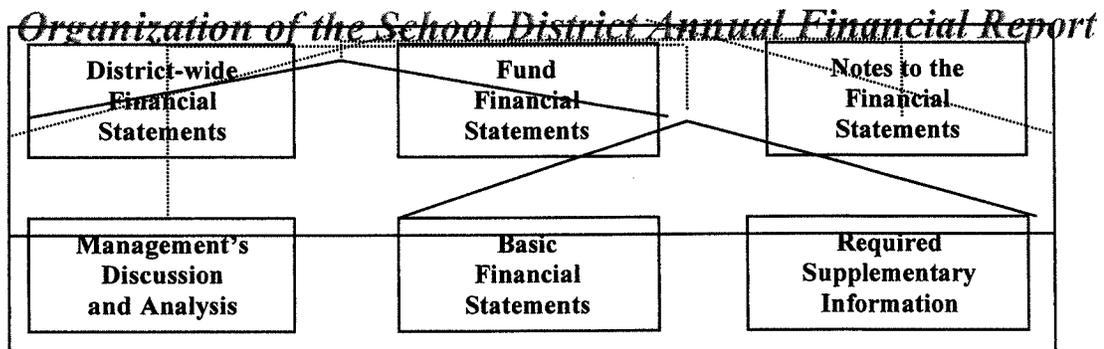


Figure A-2 summarizes the major features of the district’s financial statements, including the portion of the district’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents 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 and community school.	Instances in which the district administers resources on behalf of someone else, such as scholarship programs, student activities monies, unemployment compensation trust funds and payroll agency.
Required financial Statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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, and 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 revenues and expenses during year, regardless of when cash is received or paid	Revenues 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 revenues 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

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 assets includes all of the district's assets and liabilities. All of the current year's revenues 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 assets and how they have changed. Net assets - the difference between the district's assets and liabilities - is one way to measure the district's financial health or position.

- Over time, increases or decreases in the district's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the district's overall health, you need to consider that the school district's goal is to provide services to students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the of the schools to assess the overall health of the district.

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 community school programs and food services are included here.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The district establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (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 differences) 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.
- **Fiduciary funds:** The district is the trustee, or fiduciary, for assets that belong to others, such as the payroll agency, unemployment compensation trust fund, scholarship fund 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.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The school district's Governmental Activities net assets were \$45,345,059 at June 30, 2012. Of this amount, 1,344,484 was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the school district's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets (Exhibit 1) and change in net assets (Figure A-4) of the school district's governmental activities.

Figure A-3
Net Assets

	Governmental Activities <u>2012</u>	(Restated) Governmental Activities <u>2011</u>	% Increase -Decrease
Current and Other Assets	\$24,849,121	\$18,233,654	36.2
Capital Assets	<u>32,381,229</u>	<u>29,690,077</u>	<u>9.1</u>
Total Assets	<u>\$57,230,350</u>	<u>\$47,923,731</u>	<u>19.4</u>
	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>	% Increase -Decrease
Current and Other Liabilities	\$3,005,702	\$3,393,369	-11.4
Long-term Liabilities	<u>8,879,589</u>	<u>9,612,378</u>	<u>-8.23</u>
Total Liabilities	\$11,885,291	\$13,005,747	-8.61
Net Assets			
Invested in capital assets, net of debt	\$27,001,462	\$23,540,438	14.70
Restricted	16,999,113	14,276,096	19.07
Unrestricted	<u>1,344,484</u>	<u>41,629</u>	<u>332.99</u>
Total Net Assets	<u>\$45,345,059</u>	<u>\$37,858,163</u>	<u>19.77</u>

The \$1,344,484 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. It means that we would have an excess of \$1,344,484 if the district had to pay off all of its bills today including all of its non-capital liabilities (compensated absences for example).

The results of this year's operations for the school district's Governmental Activities as a whole are reported in the Statement of Activities. Figure A-4, below, takes the information from that Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues and expenses for the year.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Figure A - 4
Change in Net Assets

	2012	(Restated) 2011	Increase (Decrease)
Revenues:			
Program revenue			
State grants & entitlements	\$ 3,770,910	\$ 5,895,285	\$ (2,124,375)
General revenue			
Local tax levy	81,725,143	80,408,739	1,316,404
Federal and state aid	13,673,233	9,733,264	3,939,969
Miscellaneous revenues (Incl. special items & transfers)	3,891,341	4,154,126	(262,785)
Total general revenues	<u>99,289,717</u>	<u>94,296,129</u>	<u>4,993,588</u>
 Total revenues	 <u>\$ 103,060,627</u>	 <u>\$ 100,191,414</u>	 <u>\$ 2,869,213</u>
 Function/program expense:			
Instruction			
Regular programs	26,641,131	27,466,369	(825,238)
Special programs	7,405,658	7,505,971	(100,313)
Other Instructional programs	3,090,085	2,994,664	95,421
Support services			
Student services	13,271,969	13,531,382	(259,413)
Tuition	5,661,436	5,491,794	169,642
Instructional staff support			
General administration and business services	2,719,314	2,378,544	340,770
School administration	3,165,353	3,049,380	115,973
Plant services	7,249,905	7,350,373	(100,468)
Student transportation	5,774,002	5,763,837	10,165
Unallocated benefits	20,179,876	18,695,200	1,484,676
Unallocated depreciation and amortization	149,010	175,886	(26,876)
Interest on long-term debt	265,992	297,021	(31,029)
 Total expenses	 <u>\$ 95,573,731</u>	 <u>\$ 94,700,421</u>	 <u>\$ 873,310</u>
 Increase (Decrease) net assets	 <u>\$ 7,486,896</u>	 <u>\$ 5,490,993</u>	 <u>\$ 1,995,903</u>

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Governmental Activities

As reported in the Statement of Activities, the cost of all our governmental activities this year was \$88,642,379. These costs were financed by \$81,725,143 in local property school taxes \$10,512,791 in federal and state aid and \$4,97,566 in miscellaneous revenues including interest, general entitlements, special items and transfers.

In Figure A-5, below, we have presented the cost of each of the school district's seven largest functions as listed below. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by the function.

Figure A-5

	Year Ended June 30, 2012	Year Ended June 30, 2011
	Governmental Activities	Governmental Activities
	Total Cost of Services	Total Cost of Services
	<u>2012</u>	<u>2011</u>
Regular Programs Instruction	\$26,641,131	\$27,466,369
Unallocated Benefits	20,129,876	19,616,582
Student Services	13,271,969	13,531,382
Plant Services	7,249,905	7,350,373
Transportation	5,774,002	5,763,837
Special Programs Instruction	7,405,658	7,505,971
Tuition	5,661,436	5,491,794
All Others	<u>9,439,754</u>	<u>8,895,495</u>
	<u>\$95,573,731</u>	<u>\$95,621,803</u>

Financial Analysis of the District's Funds

As we noted earlier, the school district uses funds to help it control and manage money for particular purposes. Looking at funds helps you consider whether the school district is being accountable for the resources provided to it, and also gives more insight into the school district's overall financial health.

As the school district completed this year, our governmental funds reported a combined fund balance of \$22,071,851, which is an increase of \$3,330,595 from last year. The increase largely was due to positive budget variances.

General Fund Budgetary Highlights

Over the course of the year, the school district revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. Budget changes/transfers are approved by the Board of Education throughout the year. Although the district’s projected budget for the general fund anticipated that revenues and expenditures would be roughly equal, the actual results for the year show a surplus.

Actual revenues reflect a positive variance of \$8.9 million. This is due primarily to:

1. The State reimbursement in the amount of \$6.7 million for TPAF pension and post retirement medical and social security contributions. This is always a non-budgeted item that the State requires be included in the final audit.

Actual expenditures reflect a positive variance of \$1.5 million despite the State requirement to include TPAF and social security contributions totaling \$6.7 million in the audit. Absent the TPAF adjustment the variance is a positive \$8.2 million due to the savings mentioned above.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the school district had \$58,669,796 invested in a broad range of capital assets, including land, buildings, building improvements, other improvements, construction in progress, vehicles, furniture and equipment. This amount represents a net increase (including additions and deletions) of \$3,888,461 or 7.0% percent, from last year.

Figure A-6

**Capital Assets at Year-End
(Rounded)**

	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>
Land	\$3,331,700	\$3,331,700
Construction in Progress	3,647,801	2,223,567
Building and Improvements	43,254,865	40,999,490
Furniture, Equip. & Vehicles	<u>8,435,430</u>	<u>8,226,578</u>
Total	<u>\$58,669,796</u>	<u>\$54,781,335</u>

Construction in progress increased due to several projects not fully completed by the board at June 30, 2012.

Long-Term Debt

At the end of this year, the school district had \$5,379,767 in bonds and lease purchase obligations outstanding versus \$6,223,830 in bonds and capital leases last year – a decrease of 13.5%. The long-term debt consisted of:

	Outstanding Debt, at Year-End (Rounded)	
	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>
Lease Purchase Obligations	\$204,767	\$208,830
General Obligation Bonds	5,175,000	6,015,000

The school district's general obligation bond rating continues to be AA. The state limits the amount of general obligation debt that cities can issue to 4% of the average state equalized assessed value of the taxable property within the school district's corporate limits. The school district's outstanding general obligation debt of \$5,379,767 is significantly below the \$261,526,712 statutorily-imposed limit.

Other obligations include accrued vacation pay and sick leave. We present more detailed information about our long-term liabilities in the notes to the financial statement.

FACTORS AFFECTING THE DISTRICT'S FUTURE

- A significant element is the continued increase in enrollment throughout the district. There have been steady increases K-8, particularly at the Kindergarten and Sixth grade levels. However, based on our recent demographic study there is no need to increase building capacity other than some office space conversion to classrooms at Frelinghuysen Middle School.
- Another particularly significant element is the restriction of the district's budget increase to 2% of its statutory tax levy. This revised cap along with increasing expenses such as the increasing push back of the PERS contribution to the local level will continue to exert pressure on the district's budget. Additionally, the state's delay of state aid payments and the conversion of the federal grants funding to a reimbursement basis will impact the district's cash flow. At the present time the district enjoys a healthy capital and maintenance reserve balance, which can be utilized to offset some of these constraints.
- The district settled its 2011-2014 TEAM contract. The new contract includes contributions to the state health benefits as required by Chapter 78 of the state law. When fully phased in the district will realize a benefit of up to \$2 million, which will help offset the increase in health benefit costs.
- State aid increased by \$1.9 million in 2011-2012. The increased state aid was used as tax relief in the preparation of the 2012-2013 budget. This and other factors helped the district achieve a 0% tax levy increase in 2012-2013. Each year the issue of state aid funding becomes an element of concern given the state's financial position.
- The district has been utilizing capital reserve funds for building renovations. The June 30, 2012 balance was \$9.1 million, which includes \$4.5 million deposited during the 2011-2012 year. This reserve will serve the district well in planning and executing necessary capital projects for the district in the future.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the school district's finances and to show the school district's accountability for the money it received. If you have questions about this report or wish to request additional financial information, contact Christine Kelly, Business Administrator/Board Secretary, at Morris School District Board of Education, 31 Hazel St., Morristown, New Jersey 07960.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

SECTION – A

MORRIS BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 12,135,839	\$ 1,012,801	\$ 13,148,640
Receivables, net	1,691,272	172,166	1,863,438
Receivables from other funds		311,496	311,496
Prepaid Expenses		38,219	38,219
Inventory		20,079	20,079
Restricted Assets:			
Capital Reserve Account - cash	9,362,875		9,362,875
Maintenance Reserve Account - cash	1,589,163		1,589,163
Unamortized issuance costs on refinancing	69,970		69,970
Capital assets, net (Note 3)	<u>32,381,229</u>	<u>221,618</u>	<u>32,602,847</u>
Total Assets	<u>57,230,350</u>	<u>1,776,379</u>	<u>59,006,727</u>
LIABILITIES			
Accounts payable	1,652,859	70,148	1,723,007
Accrued interest payable	70,026		70,026
Interfund payable	311,496		311,496
Deferred Revenue	112,945	611,820	724,765
Noncurrent liabilities (Note 4):			
Due within one year	845,291	57,062	902,353
Due beyond one year	8,879,589	152,437	9,032,026
Unamortized premium on refinancing	224,144		224,144
Deferred amount on refinancing	<u>(211,059)</u>		<u>(211,059)</u>
Total Liabilities	<u>11,885,291</u>	<u>891,467</u>	<u>12,776,758</u>
NET ASSETS			
Invested in capital assets, net of related debt	27,001,462	105,258	27,106,720
Restricted for:			
Capital projects	9,362,875		9,362,875
Other purposes	7,636,238		7,636,238
Unrestricted(Deficit)	<u>1,344,484</u>	<u>779,654</u>	<u>2,124,138</u>
Total Net Assets	<u>\$ 45,345,059</u>	<u>\$ 884,912</u>	<u>\$ 46,229,971</u>
Total Liabilities and Net Assets	<u>\$ 57,230,350</u>	<u>\$ 1,776,379</u>	<u>\$ 59,006,727</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

MORRIS BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
Instruction:							
Regular	\$ 26,641,131				\$ (26,641,131)		\$ (26,641,131)
Special education	7,405,658				(7,405,658)		(7,405,658)
Other special instruction	1,808,002				(1,808,002)		(1,808,002)
Other instruction	1,282,083				(1,282,083)		(1,282,083)
Support services:							
Tuition	5,661,436				(5,661,436)		(5,661,436)
Student & instruction related services	13,271,969				(13,271,969)		(13,271,969)
School administrative services	3,165,353				(3,165,353)		(3,165,353)
General and business administrative services	2,719,314				(2,719,314)		(2,719,314)
Plant operations and maintenance	7,249,905				(7,249,905)		(7,249,905)
Pupil transportation	5,774,002				(5,774,002)		(5,774,002)
Unallocated benefits	20,179,876		6,734,057		(13,445,819)		(13,445,819)
Interest on long-term debt	265,992		197,295		(68,697)		(68,697)
Unallocated depreciation and amortization	149,010				(149,010)		(149,010)
Total governmental activities	95,573,731		6,931,352		(88,642,379)		(88,642,379)
Business-type activities:							
Food Service	2,012,988	798,012	927,010	26,485		(261,481)	(261,481)
Community School	1,509,497	1,524,873				15,376	15,376
Total business-type activities	3,522,485	2,322,885	927,010	26,485		(246,105)	(246,105)
Total primary government	\$ 99,096,216	\$ 2,322,885	\$ 7,858,362	\$ 26,485	\$ (88,642,379)	\$ (246,105)	\$ (88,888,484)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net				\$ 80,807,655			\$ 80,807,655
Taxes levied for debt service				917,488			917,488
Federal and State aid not restricted				6,741,881			6,741,881
Federal and State aid restricted				3,770,910			3,770,910
Tuition received				4,473,185			4,473,185
Investment/Miscellaneous Earnings				500,381		2,992	503,373
Special item(s)—Disposal of assets, debt refinancing				122,903			122,903
Transfer to Charter School, and Elimination of deferred charge				(870,238)			(870,238)
Transfers				(334,890)		260,892	(73,998)
Total general revenues, special items, extraordinary items and transfers				96,129,275		263,884	96,393,159
Change in Net Assets				7,486,896		17,779	7,504,675
Net Assets—beginning (restated)				37,858,163		867,133	38,725,296
Net Assets—ending				\$ 45,345,059		\$ 884,912	\$ 46,229,971

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

SECTION – B

GOVERNMENTAL FUNDS

MORRIS BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

Exhibit B-1
Page 1 of 2

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 12,135,838			\$ 1	\$ 12,135,839
Accounts Receivable:					
Interfunds			1,413,678		1,413,678
Due from other governments	204,649	554,158	311,450		1,070,257
Tuition	501,762				501,762
Other Accounts Receivable		119,253			119,253
Restricted cash and cash equivalents	10,952,038				10,952,038
Total Assets	23,794,288	673,411	1,725,128	1	26,192,827
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	992,772	265,534	394,553		1,652,859
Interfund Payable	1,426,980	298,193			1,725,172
Deferred Revenue	3,261	109,684			112,945
Total Liabilities	2,423,013	673,411	394,553	-	3,490,976
Fund Balances:					
Restricted Fund Balance:					
Capital Reserve Account	9,362,875				9,362,875
Maintenance Reserve Account	1,589,163				1,589,163
Excess Surplus - Designated for Subsequent Years Expenditures	2,927,119				2,927,119
Reserve for Excess Surplus	3,119,955				3,119,955
Committed Fund Balance:					
Capital Projects			781,910		781,910
Year-end Encumbrances	332,766		548,665		881,431
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures	1,495,505				1,495,505
Designated for Subsequent Year's Expenditures - Capital Reserve	1,277,554				1,277,554
Unassigned Fund Balance	1,266,338			1	1,266,339
Total Fund Balances	21,371,275		1,330,575	1	22,701,851
Total Liabilities and Fund Balances	\$ 23,794,288	\$ 673,411	\$ 1,725,128	\$ 1	\$ 26,192,827

MORRIS BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

Exhibit B-1
Page 2 of 2

Amounts reported for <i>governmental activities</i> in the statement of net assets (A-1) are different because:	\$ 22,701,851
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$58,669,796, and the accumulated depreciation is \$26,288,567.	32,381,229
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.	(9,724,880)
Short-term liabilities, including accrued interest on long-term debt, are not due payable in the current period and therefore are not reported as liabilities in the funds.	(70,026)
Transactions related to a current refunding of long-term debt, refinancing of lease agreement are not reported in the funds.	
Cost of issuance, net of amortization	69,970
Issuance premium, net of amortization	(224,144)
Deferred amount on refunding, net of amortization	<u>211,059</u>
Net assets of governmental activities.	\$ <u><u>45,345,059</u></u>

MORRIS BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local tax levy	\$ 80,807,655			\$ 917,488	\$ 81,725,143
Tuition charges	4,473,185				4,473,185
Miscellaneous	293,398				293,398
Local sources		206,983			206,983
State sources	13,120,921	732,975	420,276	197,295	14,471,467
Federal sources	355,017	2,617,659			2,972,676
Total revenues	99,050,176	3,557,617	420,276	1,114,783	104,142,852
EXPENDITURES					
Current:					
Regular instruction	25,575,527				25,575,527
Special education instruction	6,060,075	1,345,583			7,405,658
Other special instruction	1,808,002				1,808,002
Other instruction	1,282,083				1,282,083
Support services and undistributed costs:					
Tuition	5,661,436				5,661,436
Student & instruction related services	11,076,682	2,195,287			13,271,969
School administrative services	3,165,353				3,165,353
Other administrative services	2,719,314				2,719,314
Plant operations and maintenance	7,249,905				7,249,905
Pupil transportation	5,774,002				5,774,002
Unallocated Benefits	19,975,591				19,975,591
Debt service:					
Principal				840,000	840,000
Interest and other charges				274,783	274,783
Capital outlay	431,861	16,747	3,647,801		4,096,409
Total expenditures	90,779,831	3,557,617	3,647,801	1,114,783	99,100,031
Excess (Deficiency) of revenues over expenditures	8,270,345		(3,227,525)	1	5,042,821
OTHER FINANCING SOURCES (USES)					
Capital leases (non-budgeted)	122,903				122,903
Transfers in			1,679,336		1,679,336
Transfers out	(2,884,466)				(2,884,466)
Total other financing sources and uses	(2,761,563)		1,679,336		(1,082,227)
Net change in fund balances	5,508,782		(1,548,189)	1	3,960,594
Fund balance—July 1	15,862,492		2,878,764		18,741,256
Fund balance—June 30	\$ 21,371,275	\$	\$ 1,330,575	\$ 1	\$ 22,701,851

The accompanying Notes to Financial Statements are an integral part of this statement.

MORRIS BOARD OF EDUCATION
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Total net change in fund balances - governmental funds (from B-2)	\$	3,960,594
Amounts reported for governmental activities in the statement of activities (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 capital outlays exceeded depreciation in the period.		
	Depreciation expense	(1,197,308)
	Capital outlays	<u>3,888,461</u>
		2,691,153
Repayment of bond and lease obligation (long-term debt) principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		
		983,788
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.		
Capital lease proceeds		
		(139,726)
In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-)		
		0
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.		
		8,791
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 reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		(399)
Amortization Expenses - Net		<u>(17,306)</u>
Change in net assets of governmental activities	\$	<u>7,486,896</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

MORRIS BOARD OF EDUCATION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Food Service</u>	<u>Community School</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 182,610	\$ 830,191	\$ 1,012,801
Receivables from other governments	156,111		156,111
Accounts receivable	7,475	8,580	16,055
Interfunds Receivable		651,067	651,067
Prepaid Expenses		38,219	38,219
Inventories	20,079		20,079
Total current assets	<u>366,275</u>	<u>1,528,057</u>	<u>1,894,332</u>
Noncurrent assets:			
Furniture, machinery & equipment	610,264	113,569	723,833
Less accumulated depreciation	<u>(393,254)</u>	<u>(108,960)</u>	<u>(502,214)</u>
Total noncurrent assets	<u>217,010</u>	<u>4,609</u>	<u>221,619</u>
Total assets	<u>583,284</u>	<u>1,532,666</u>	<u>2,115,950</u>
LIABILITIES			
Current liabilities:			
Accounts payable	54,991	15,157	70,148
Loan Payable	57,062		57,062
Deferred revenue		611,820	611,820
Interfunds payable	339,571		339,571
Total current liabilities	<u>451,624</u>	<u>626,978</u>	<u>1,078,601</u>
Noncurrent Liabilities:			
Loan Payable	59,298		59,298
Compensated absences	72,362	20,777	93,139
Total noncurrent liabilities	<u>131,660</u>	<u>20,777</u>	<u>152,437</u>
Total liabilities	<u>583,284</u>	<u>647,755</u>	<u>1,231,038</u>
NET ASSETS			
Invested in capital assets net of related debt	100,650	4,609	105,259
Unrestricted (Deficit)	<u>(100,650)</u>	<u>880,304</u>	<u>779,654</u>
Total net assets	<u>884,912</u>	<u>884,912</u>	<u>884,912</u>
Total Liabilities and Net Assets	<u>\$ 583,284</u>	<u>\$ 1,532,666</u>	<u>\$ 2,115,950</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

MORRIS BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Business Type Activities - Enterprise Fund</u>		<u>Total Enterprise Fund</u>
	<u>Food Service</u>	<u>Community School</u>	
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$ 715,905		\$ 715,905
Special Functions	82,107		82,107
Program Fees		1,524,873	1,524,873
Total operating revenues	<u>798,012</u>	<u>1,524,873</u>	<u>2,322,885</u>
Operating expenses:			
Cost of sales	714,539		714,539
Salaries	463,037	912,117	1,375,154
Employee benefits	247,786	120,019	367,805
Rent		75,000	75,000
Other purchased professional services	420,224	128,362	548,586
Other purchased services	12,240	60,174	72,414
General supplies	25,245	58,359	83,604
Other Expenses	56,054	155,184	211,238
Depreciation	66,162	282	66,444
Total Operating Expenses	<u>2,005,288</u>	<u>1,509,497</u>	<u>3,514,784</u>
Operating income (loss)	<u>(1,207,275)</u>	<u>15,377</u>	<u>(1,191,899)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	16,592		16,592
Federal sources:			
National school lunch program	578,241		578,241
National school breakfast program	249,114		249,114
National school snack program	4,036		4,036
Food distribution program	79,028		79,028
Interest and investment revenue	589	2,402	2,990
Miscellaneous expense	(7,702)		(7,702)
Total nonoperating revenues (expenses)	<u>919,898</u>	<u>2,402</u>	<u>922,299</u>
Income (loss) before contributions & transfers	<u>(287,377)</u>	<u>17,779</u>	<u>(269,600)</u>
Capital Contributions	26,485		26,485
Transfers in (out)	<u>260,892</u>		<u>260,892</u>
Change in net assets		17,779	17,777
Total net assets—beginning		867,133	867,133
Total net assets—ending	<u>\$</u>	<u>884,912</u>	<u>\$ 884,912</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

MORRIS SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Food Service Fund	Community School	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 798,012	\$ 1,581,083	\$ 2,379,095
Payments to employees	(1,405,497)	(799,616)	(2,205,113)
Payments for employee benefits	(243,513)	(120,343)	(363,856)
Payments to suppliers	(463,037)	(911,835)	(1,374,872)
Net cash provided by (used for) operating activities	(1,314,035)	(250,711)	(1,564,746)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal and State Sources	927,010		927,010
Operating Transfers/capital Contributions - General Fund	287,549		287,549
Net cash provided by (used for) non-capital financing activities	1,214,559		1,214,559
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase Capital Assets	(26,485)	(4,778)	(31,263)
Principal Paid on Capital Debt	(52,840)		(52,840)
Interest Paid on Capital Debt	(7,702)		(7,702)
Net cash provided by (used for) capital and related financing activities	(87,027)	(4,778)	(60,542)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	589	2,402	2,991
Net cash provided by (used for) investing activities	589	2,402	2,991
Net increase (decrease) in cash and cash equivalents	(185,914)	(253,087)	(439,001)
Balances—beginning of year	368,524	1,083,278	1,451,802
Balances—end of year	\$ 182,610	\$ 830,191	\$ 1,012,801
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (1,214,977)	\$ 15,377	\$ (1,199,600)
Adjustments to reconcile operating income (loss) to net cash provided by (used for)(used for) operating activities			
Depreciation and net amortization	66,162	282	66,444
(Increase) decrease in other accounts receivable	10,961	3,991	14,952
(Increase) decrease in inventories	(2,005)		(2,005)
(Increase) decrease in interfunds receivable		(291,546)	(291,546)
Increase (decrease) in prepaid expenses		3,864	3,864
Increase (decrease) in compensated absences payable	4,273	(324)	3,949
Increase (decrease) in accounts payable	48,741	(34,573)	14,168
Increase (decrease) in deferred revenue		52,219	52,219
Increase (decrease) in Interfunds Payable	(227,190)		(227,190)
Total adjustments	(99,058)	(266,087)	(365,145)
Net cash provided by (used for) operating activities	\$ (1,314,035)	\$ (250,711)	\$ (1,564,746)

The accompanying Notes to Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

Exhibit B-8

MORRIS BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship</u>
ADDITIONS		
Contributions:		
Plan member	\$ 80,941	\$
Other	<u>350,000</u>	<u>17,559</u>
Total Contributions	<u>430,941</u>	<u>17,559</u>
Interest	<u>141</u>	<u>238</u>
Net investment earnings	<u>141</u>	<u>238</u>
Total additions	<u>431,082</u>	<u>17,797</u>
DEDUCTIONS		
Unemployment claims	201,672	
Scholarships awarded		<u>23,819</u>
Total deductions	<u>201,672</u>	<u>23,819</u>
Change in net assets	229,410	(6,022)
Net assets—beginning of the year	<u>1,380,351</u>	<u>125,934</u>
Net assets—end of the year	\$ <u>1,609,761</u> \$	<u>119,912</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

MORRIS SCHOOL DISTRICT
COUNTY OF MORRIS, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of Morris School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB has issued codification of governmental accounting and financial reporting standards dated June 30, 2005. This codification and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles for state and local governments. This financial report has been prepared in conformity with GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, issued in June 1999.

The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Morris School District is a Combined Type II district located in the County of Morris, State of New Jersey, comprising the Town of Morristown and the Township of Morris. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms and one sending district member appointed annually. The purpose of the district is to educate students in grades K-12. The Morris School District had an approximate enrollment at June 30, 2012 of 4,986 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization’s board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Basic Financial Statement Presentation

The District-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The Fiduciary Funds are only reported in the Statements of Fiduciary Net Assets at the Fund Financial Statement level.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic Financial Statement Presentation (cont'd):

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational; or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Depreciation expense can be specifically identified by function and is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. The effect of interfund activity has been removed from these statements. Separate Fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Internal Service fund is presented in the proprietary fund financial statements. Because the principal user of the internal services are the District's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service fund is charges to customers for service. Operating expenses for the internal service fund include the cost of services. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The fiduciary funds are presented in the fiduciary fund financial statements type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the District-wide statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**B. Fund Accounting:**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for 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 New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state 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 revenues.

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 the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from capital reserve, state grants, and 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.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting (Cont'd):

Permanent Fund – The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's programs.

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund are comprised of the Food Service Fund, the Community School Fund and the Lafayette Learning Center.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. See Note 1(P) relating to GAAP departures in the Enterprise Funds.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Machinery & Equipment	5-20 Years
Community School Fund:	
Office Equipment	5 Years

FIDUCIARY FUNDS

Agency Fund – The Agency Fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting (Cont'd):

Employee Benefit Trust (Unemployment Insurance) – Employee Benefit Trust should be used to report resources that are required to be held in trust for members and beneficiaries of employee benefit plans.

Private Purpose Scholarship Trust – The Private Purpose Scholarship Trust should be used to report all trust arrangements under which principal and income benefit individuals, private organizations or other governments.

C. Basis of Accounting and Measurement Focus:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

Revenue Recognition – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within one year.

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an “accounts receivable”.

Recording of Expenditures – Expenditures are generally recorded when a liability is incurred. The exception to this general rule is that interest and principal expenditures in the Debt Service Fund are recognized on their due dates.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District’s proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

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

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal 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 legally mandated revenue recognition of the last state aid payment for the budgetary purposes only and the special revenue fund is 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 revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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) "revenues" from The budgetary comparison schedules	\$99,292,208	\$3,489,935
Difference – budget to GAAP:		
Grant accounting budgetary differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - net		67,682
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	(1,568,210)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	<u>1,326,178</u>	<u>0</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance – governmental funds	<u>99,050,176</u>	<u>3,557,617</u>
Uses/Outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	90,779,831	3,489,935
Differences – budget to GAAP		
Encumbrances for supplies and equipment ordered but no received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	<u>0</u>	<u>67,682</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds (B-2)	<u>\$99,779,831</u>	<u>\$3,557,617</u>

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Open encumbrances in the special revenue fund, if any, for which the District has received advances, are reflected in the balance sheet as deferred revenues 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.

F. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types 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 public 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. GUDPA was amended, effective July 1, 2010, by P.L. 2009, c. 326. The amendments provide a greater level of security protection for covered deposits by increasing collateralization requirements and revising the enforcement protocol to allow for timely response in the event that a member bank shows signs of stress.

Under the new law, collateralization of GUDPA deposits up to 75% of New Jersey capital is based on a sliding scale that requires the minimum of 5% collateral for well capitalized institutions to a maximum of 120% collateral for critically undercapitalized institutions. All uninsured GUDPA deposits in excess of 75% of New Jersey capital require 100% collateral. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to Governmental Units.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

G. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

H. Tuition Payable

Tuition charges for the fiscal years 2010-11 and 2009-10 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

I. 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.

Inventories in the Proprietary Funds 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, 2012.

J. 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.

K. Capital Assets:

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$2,000 or more for capitalizing capital assets. The system for accumulation of fixed assets cost data does not provide the means for determining the percentage of assets valued at actual and those valued at estimated cost.

Capital assets are recorded in the District-wide financial statements, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purpose. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

L. Accounts Receivable Sate – Capital Projects Fund

The District received approval for SDA grants in the amount of \$846,715 to make improvements to various school buildings in the District. The SDA participation in the project represents 40% of \$2,116,787 of costs deemed eligible out of a total project cost of \$2,116,787. The SDA has also established a fixed schedule for the submission of reimbursement vouchers which is based upon the achievement of certain percentage of completion.

The District recognizes SDA grant revenue as earned, i.e., as eligible expenditures are incurred, at the rate of 40% of said expenditures. It is assumed that project completion will continue at a pace that will permit the filing of reimbursement vouchers within a time frame, which meets the availability criterion for revenue recognition under GAAP. Through June 30, 2012 the District has recognized a total of \$778,610 in SDA grant revenue.

M. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place. The School District reports compensated absences in accordance with provisions of GASB No. 16, "Accounting for Compensated Absences".

The entire compensated absences liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. The noncurrent portion of the liability is not reported.

N. Deferred Revenue:

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned. Deferred revenue in the proprietary funds represents payments received from customers for services to be provided in future periods.

O. Long-term Obligations:

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during 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 used. Issuances costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

P. Fund Equity:

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

Q. Restricted Assets:

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as capital reserve requirements and proceeds from the issuing of the bonds and leases related to the capital project.

R. Net Assets:

Net assets represent the difference between assets and liabilities in the District-wide financial statements. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net assets are reported as restricted in the District-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

S. Estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

T. Costs of Issuance/Premium/Deferred Amount on Refunding:

Issuance costs, bond premiums, and deferred amounts on refunding/refinancing are deferred and amortized over the term of the bonds/leases using the straight-line method. Unamortized issuance costs are recorded as other assets, whereas unamortized bond premiums and deferred amounts on refunding are presented as additions and reductions of outstanding bond principal.

U. Restatement of Prior Year Net Assets:

The District has restated net assets as of June 30, 2011 in the amount of \$37,858,163, which represents an increase \$921,382. The restatement reflects the Board Policy mandating caps on the accrued compensated absence liability benefits.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Morris Board of Education had the following depository accounts. All deposits are carried at cost plus accrued interest. The government does not have a deposit policy.

Depository Account	Bank Balance
Insured - FDIC	\$513,773
Insured – NJGUDPA (N.J.S.A.17:941)	<u>28,972,486</u>
Total Deposits	<u>\$29,486,259</u>

Custodial Credit Risk – Deposits- Custodial credit risk is the risk that in the event of a bank failure, the board’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2011, \$0.00 of the Board’s bank balance of was exposed to custodial risk . (See Note 1F relating to statutory mitigation of custodial risk in the event of a bank failure).

As of June 30, 2012, the District held no investments.

New Jersey Cash Management Fund – All investments in the fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for the reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2012, the District had no funds on deposit with the New Jersey Cash Management fund.

NOTE 3 - DISCLOSURE OF INFORMATION ABOUT CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 3,331,700	\$	\$	\$ 3,331,700
Construction in Progress	<u>2,223,567</u>	<u>3,647,801</u>	<u>(2,223,567)</u>	<u>3,647,801</u>
Total Capital Assets Not Being Depreciated	<u>5,555,267</u>	<u>3,647,801</u>	<u>(2,223,567)</u>	<u>6,979,501</u>
Building and Building Improvements	40,999,490	31,808	2,223,567	43,254,865
Machinery, Equipment, Furniture & Vehicles	<u>8,226,578</u>	<u>208,852</u>	<u></u>	<u>8,435,430</u>
Totals at Historical Cost	<u>49,226,068</u>	<u>240,660</u>	<u>2,223,567</u>	<u>51,690,295</u>
Less Accumulated Depreciation For:				
Building and Building Improvements	(19,058,470)	(873,287)	<u></u>	(19,931,757)
Equipment, Furniture, and Vehicles	<u>(6,032,788)</u>	<u>(324,021)</u>	<u></u>	<u>(6,356,809)</u>
Total Accumulated Depreciation	<u>(25,091,258)</u>	<u>(1,197,308)</u>	<u></u>	<u>(26,288,566)</u>
Total Capital Assets Being Depreciated (Net of Accumulated Depreciation)	<u>24,134,810</u>	<u>(956,648)</u>	<u></u>	<u>25,401,729</u>
Government Activities Capital Assets, Net	<u>\$ 29,690,077</u>	<u>\$ 2,691,153</u>	<u>\$</u>	<u>\$ 32,381,229</u>
Business-type Activities				
Equipment	\$ 692,570	\$ 31,263	\$	\$ 723,833
Less Accumulated Depreciation for: Equipment	<u>(435,772)</u>	<u>(66,442)</u>	<u></u>	<u>(502,214)</u>
Business-type Activities Capital Assets, Net	<u>\$ 256,798</u>	<u>\$ (35,179)</u>	<u>\$</u>	<u>\$ 221,619</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,065,604
Direct expense of various functions	<u>131,704</u>
Total depreciation expense	<u>\$ 1,197,308</u>

NOTE 4 - DISCLOSURE OF INFORMATION ABOUT LONG TERM LIABILITIES

Long-term debt liability activity for the year ended June 30, 2012 was as follows:

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$ 6,015,000	\$	\$ 840,000	\$ 5,175,000	\$ 815,000
Total Bonds Payable	<u>6,015,000</u>	<u></u>	<u>840,000</u>	<u>5,175,000</u>	<u>815,000</u>
Other Liabilities:					
Obligations Under Capital Lease	208,830	139,726	143,788	204,768	30,291
Compensated Absences Payable	4,344,714	399		4,345,113	
Total Other Liabilities	<u>4,553,544</u>	<u>140,125</u>	<u>143,788</u>	<u>4,549,881</u>	<u>30,291</u>
Total Liabilities	<u>\$ 10,568,544</u>	<u>\$ 140,125</u>	<u>\$ 983,788</u>	<u>\$ 9,724,881</u>	<u>\$ 845,291</u>
 Business-type activities					
Enterprise fund:					
Loan Payable	\$ 163,616	\$	\$ 47,256	\$ 116,360	\$ 57,062
Compensated Absences Payable	68,089	4,273		72,362	
Total Liabilities	<u>\$ 231,705</u>	<u>\$ 4,273</u>	<u>\$ 47,256</u>	<u>\$ 188,722</u>	<u>\$ 57,062</u>

NOTE 4. LONG-TERM DEBT (CONT'D)

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

Principal and interest due on bonds outstanding is as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 815,000	\$ 243,320	\$ 1,058,320
2014	855,000	207,330	1,062,330
2015	740,000	168,500	908,500
2016	750,000	131,500	881,500
2017	670,000	94,000	764,000
2018	670,000	60,500	730,500
2019	<u>675,000</u>	<u>27,000</u>	<u>702,000</u>
	\$ <u>5,175,000</u>	\$ <u>932,150</u>	\$ <u>6,107,150</u>

B. Bonds Authorized But Not Issued -- As of June 30, 2012, the District had no bonds authorized but not issued.

C. Capital Leases --The District is leasing various equipment totaling \$204,767. The following is a schedule of the future minimum lease payments under this capital lease and the net minimum lease payments at June 30, 2012.

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$	\$	\$54,244
2014			54,244
2015			54,244
2016			36,712
2017			<u>5,323</u>
Total	\$	\$	<u>\$204,767</u>

D. Loan Payable – Food Service Fund – the District has acquired equipment for the cafeteria through its agreement with Chartwells. The equipment was purchased by Chartwells and will be reimbursed by the District over the next five years at an imputed interest rate of 3.85%. The following is a schedule of the required payments for the remaining four years.

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$54,992	\$5,550	\$60,542
2014	<u>59,298</u>	<u>1,244</u>	<u>60,542</u>
Total	<u>\$114,290</u>	<u>\$6,794</u>	<u>\$121,084</u>

NOTE 5. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement System(DCRP) - The DCRP was established effective July 1, 2007 to provide coverage to certain elected and appointed officials who became excluded from the PERS system pursuant to the provisions of P.L. 2007, c. 92. In addition, certain members of the PERS and TPAF, enrolled after July 1, 2007 who earn salary in excess of those systems' maximum compensation limits are eligible for DCRP membership for the compensation not credited to PERS or TPAF participation.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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.

NOTE 5. PENSION PLANS (CONT'D)

Vesting and Benefit Provisions (cont'd):

Vesting in the DCRP occurs after one year of membership. Employer contributions to the DCRP are set at 3% of base salary.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

DCRP requires employee contributions of 3% of base salary.

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/12	\$ 1,464,634	100 %	\$ -0-
6/30/11	1,371,543	100	-0-
6/30/10	1,117,576	100	-0-

Three-Year Trend Information for TPAF (Paid on-behalf of the District, excluding post-retirement medical benefits which are reported in Note 6)

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/12	\$1,277,728	Unknown	\$0
6/30/11	122,248	Unknown	0
6/30/10	132,426	Unknown	0
6/30/09	125,500	Unknown	0

During the three most recent school years (2009-2010 through 2011-2012), the State of New Jersey made no on-behalf payments to the TPAF system for normal pension costs or accrued liability, The amounts reported above for these years represent payments for the costs on non-contributory group life insurance premiums. In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$2,887,761 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

NOTE 6. POST-RETIREMENT BENEFITS

P.L. 1987, C. 384 and P.L. 1990, c.6 required Teacher’s Pensions and Annuity Fund (TPAF) and the Public Employees’ Retirement System (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. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the 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, 2011 there were 93,323 retirees receiving post-retirement medical benefits. 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 pre-funding 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 free health 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 \$144 million toward Chapter 126 benefits for 15,709 eligible retired members for Fiscal Year 2011.

The Division of pensions issues a publicly available financial report that includes the financial statements and required supplementary information for the Health Benefits Program Fund – Local Government.

This report may be accessed via the Division of Pensions and Benefits website, at www.state.nj.us/treasury/pensions, or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625.

The State’s contributions to the Health Benefits Program Fund on-behalf of the District for TPAF retiree health benefits, for the last three years, is as follows:

Contribution Requirements

<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>			
<u>Year Funding</u>	<u>Annual Post-Retirement Medical Contributions</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
	\$2,568,568	100%	\$0
6/30/11	2,596,560	100%	0
6/30/10	2,487,152	100%	0

The amounts of State contributions to the Health Benefits Program Fund on-behalf of the District for PERS retiree health benefits has not been made available.

NOTE 7. 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.

NOTE 7. COMPENSATED ABSENCES (Cont'd):

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and accumulate for use in future years. Upon the attainment of specified years of service or upon reaching normal retirement age, employees become eligible to receive compensation for unused accumulated sick leave. The specific terms for eligibility and compensation are governed by the various collective bargaining agreements and employment contracts.

Vacation Leave - Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered, and
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The above criteria were utilized by the Board in the determination of the reported liability for compensated absences relating to vacation leave.

Sick Leave - A liability should be accrued for sick leave and other compensated absences with similar characteristics using one of the following termination approaches:

- a. A liability should be accrued as the benefits are earned by employees if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' termination or retirement (the Termination Payment Method), or
- b. A liability should be accrued based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments (the Vesting Method).

Under either of the above methods, payment "caps" or reduced pay rates would be factored into the liability calculation.

The amounts presented in the general purpose financial statements as compensated absences payable reflect accruals utilizing the Vesting Method and include amounts for each employee eligible for retirement currently and those who will become eligible within the next five years. Employees who separate from service prior to attaining eligibility for retirement are not entitled to termination payments. Accrued vacations are negligible and were not included in calculations of the total value of compensated absences payable.

NOTE 7. COMPENSATED ABSENCES (Cont'd):

In the district-wide *Statement of Net Assets*, 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.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, a liability existed for compensated absences in the Food Service Fund in the amount of \$72,362 and in the Community School in the amount of \$20,777.

NOTE 8. DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by third parties who are authorized by the Board and selected by each participant individually, permits 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:

Great West Insurance Company
 Fidelity Investments
 Valic
 Washington National
 Financial Resources Lincoln Investments
 Lincoln Life

NOTE 9. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Morris School District Board of Education by inclusion of \$1.00 on October 10, 2000 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) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submissions of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. CAPITAL RESERVE ACCOUNT (CONT'D):

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning balance, July 1, 2011	\$7,739,385
Board Resolution	4,500,000
Interest Earnings	<u>8,755</u>
Total Deposits	<u>4,508,755</u>
Withdrawal	
Appropriated 12/13 Budget	1,277,554
Transferred to Capital Projects Fund – Net)	<u>1,607,711</u>
	<u>2,885,265</u>
Ending Balance June 30, 2012	<u>\$9,362,875</u>

The LRFPP balance of local support costs of uncompleted capital projects at June 30, 2012 is \$ 1,330,575. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

NOTE 10. TRANSFERS - CAPITAL OUTLAY

During the year ending June 30, 2012, the district transferred \$71,625 capital outlay accounts to the Capital Projects Fund.

NOTE 11. RISK MANAGEMENT

Property and Liability Insurance - 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. During the school year ended June 30, 2012, the District continued to transfer all insurable risks through the purchase of commercial insurance policies. Settled claims resulting from these risks have not exceeded commercial insurance coverage during each of the past three fiscal years. During the year ended June 30, 2012, there were no significant reductions in coverages from those provided in the previous year.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. 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.

Due to legal restrictions imposed by the State of New Jersey on the accumulated balance in the District's Unemployment Compensation Insurance Fund, the District has elected to treat this fund as an expendable trust fund for the purpose of financial reporting. Information relating to this fund for the year ended June 30, 2012:

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$80,941	\$201,672	\$1,609,761
2010-2011	81,266	694,171	1,380,351
2009-2010	90,624	261,425	1,643,005

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2012:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$	\$ 1,426,980
Special Revenue Fund		298,192
Capital Projects Fund	1,413,678	
Enterprise Funds		339,573
Payroll Fund	<u>651,067</u>	
	\$ <u>2,064,745</u>	\$ <u>2,064,744</u>

NOTE 14. INVENTORY

Inventory in the Food Service Fund at June 30, 2012 consisted of the following:

Food	\$ 17,225
Supplies	<u>2,854</u>
	\$ <u>20,079</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 15. FUND BALANCE APPROPRIATED

General Fund (B-1) - Of the \$21,371,275 General Fund balance at June 30, 2011, \$6,047,074 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7 \$9,362,875 has been restricted in the Capital Reserve Account; \$1,589,163 is restricted for the Maintenance Reserve Account; \$2,773,059 has been assigned and included as anticipated revenue for the year ending June 30, 2012; \$1,266,338 is unassigned and \$332,766 has been committed as Reserve for Encumbrances.

Debt Service Fund - The Debt Service Fund had unassigned fund balance at June 30, 2012 in the amount of \$1.

Capital Projects Fund – The \$1,330,575 fund balance at June 30, 2012, The entire amount of \$1,330,575 is committed.

NOTE 16. DEFICIT FUND BALANCES

The District did not have any deficit fund balances at June 30, 2011 that would have been reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment 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 state aid payment in the subsequent fiscal year, the school district can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable.

Pursuant to *N.J.S.A.* 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action.

NOTE 17. FUND BALANCE RESERVED FOR TUITION ADJUSTMENTS

The Morris School District is a "receiving district" for students domiciled in other school districts. Tentative rates for tuition per pupil for these students are established pursuant to regulations promulgated by the New Jersey Department of Education at the time the annual budget is prepared. Upon receipt of audited expenditure data from the District, the Department of Education certifies a final tuition rate per pupil. Adjustments required to bill amounts due or refund amounts owing to sending districts are made in the third year next succeeding the year that tuition was originally billed. These adjustments are made through the then current year's tuition revenue account.

NOTE 18. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved 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 reserve 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 years' budget. The excess fund balance at June 30, 2012 is \$3,119,955.

NOTE 19. OTHER RESERVE ACCOUNTS

Pursuant to enabling legislation and rulemaking, the District is permitted to establish legally restricted Reserve funds for Maintenance. The activity of these reserved accounts and their status at June 30, 2012 is as follows:

Maintenance Reserve : The balance at the end of June 30, 2012 in this account was \$1,589,163.

NOTE 20. LITIGATION

As at the date of this report, there was no litigation pending which, in the event of an adverse or unfavorable outcome, would materially impair the financial position of the Morris School District.

**REQUIRED SUPPLEMENTARY
INFORMATION**

PART II

BUDGETARY COMPARISON SCHEDULES

SECTION – C

MORRIS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Exhibit - C-1
 Page 1 of 16

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 80,807,655		\$ 80,807,655	\$ 80,807,655	
Tuition	4,474,303		4,474,303	4,473,185	(1,118)
Maintenance Reserve Interest	750		750	383	(367)
Capital Reserve Interest	10,000		10,000	8,755	(1,245)
Miscellaneous	<u>155,000</u>		<u>155,000</u>	<u>264,864</u>	<u>109,864</u>
Total - Local Sources	<u>85,447,708</u>		<u>85,447,708</u>	<u>85,554,842</u>	<u>107,134</u>
State Sources:					
School Choice Aid				237,388	237,388
Categorical Special Education Aid	2,718,299		2,718,299	2,718,299	
Categorical Security Aid	707,662		707,662	707,662	
Adjustment Aid				316,215	316,215
Categorical Transportation Aid	1,104,407		1,104,407	1,529,750	425,343
Extraordinary Aid				1,036,680	1,036,680
Other State Aids				102,298	102,298
On-Behalf TPAF Pension					
Contrib. - Not Budgeted				1,277,728	1,277,728
On-Behalf Post Retirement Medical					
Contrib. - Not Budgeted				2,568,568	2,568,568
On-Behalf TPAF Soc. Sec.					
Contrib. - Not Budgeted				<u>2,887,761</u>	<u>2,887,761</u>
Total - State Sources	<u>4,530,368</u>		<u>4,530,368</u>	<u>13,382,349</u>	<u>8,851,981</u>
Federal Sources:					
Medicaid Reimbursements	56,000		56,000	61,303	5,303
Education Jobs Fund	279,718		279,718	288,481	8,763
Impact Aid				<u>5,233</u>	<u>5,233</u>
Total - Federal Sources	<u>335,718</u>		<u>335,718</u>	<u>355,017</u>	<u>19,299</u>
Total Revenues	<u>90,313,794</u>		<u>90,313,794</u>	<u>99,292,208</u>	<u>8,978,414</u>

MORRIS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Exhibit - C-1
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	<u>BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL</u>
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	\$ 1,141,694	\$ 220,800	\$ 1,362,494	\$ 1,341,933	\$ 20,561
Grades 1- 5	10,366,230	(320,800)	10,045,430	9,599,933	445,498
Grades 6- 8	5,386,737	(100,000)	5,286,737	5,053,239	233,498
Grades 9-12	7,894,758	(58,800)	7,835,958	7,519,093	316,865
Home Instr. - Reg. Prog.					
Salaries of Teachers	60,000	64,800	124,800	124,788	12
Purchased Profess./Educa. Serv.	75,000	12,000	87,000	58,879	28,121
Regular Programs - Undistrib. Instr.					
Other Salaries for Instruction	480,558		480,558	322,224	158,334
Purchased Profess./Educa. Serv.	42,180	10,000	52,180	50,500	1,680
Purchased Technical Serv.	83,098	3,482	86,580	75,787	10,793
Other Purchased Services	542,892	350	543,242	392,109	151,133
General Supplies	1,047,744	84,063	1,131,807	926,621	205,185
Textbooks	101,295	21,323	122,618	108,736	13,882
Other Objects	4,880	(1,483)	3,397	1,686	1,711
Total Regular Programs	<u>27,227,066</u>	<u>(64,266)</u>	<u>27,162,800</u>	<u>25,575,527</u>	<u>1,587,273</u>

MORRIS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Exhibit - C-1
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	<u>BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL</u>
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Special Education (Cont'd.)					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 703,862	\$ (2,485)	\$ 701,377	\$ 698,797	\$ 2,580
Other Salaries for Instruction	210,791	2,485	213,276	201,053	12,223
Other Purchased Services	1,500	(600)	900		900
General Supplies	51,259	(7,445)	43,814	26,426	17,388
Textbooks	6,796		6,796		6,796
Other Objects	800		800		800
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Learning and/or Language Disabilities	975,008	(8,045)	966,963	926,276	40,687
Resource Room/Resource Center					
Salaries of Teachers	3,576,925	(314,250)	3,262,675	3,100,232	162,443
Other Salaries for Instruction	500		500		500
General Supplies	12,000	(3,000)	9,000	5,564	3,437
Textbooks	2,500		2,500		2,500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Resource Room/Resource Center	3,591,925	(317,250)	3,274,675	3,105,796	168,879
Multiple Disabilities					
Salaries of Teachers	254,408	(357)	254,051	245,390	8,660
Other Salaries for Instruction	1,216,481	357	1,216,838	1,079,397	137,441
Purchased Prof. Educational Services	100,000		100,000	77,278	22,723
Other Purchased Services	800		800		800
General Supplies	12,000	(4,000)	8,000	2,153	5,847
Other Objects	500		500		500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Multiply Handicapped	1,584,189	(4,000)	1,580,189	1,404,218	175,971

MORRIS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Exhibit - C-1
 Page 4 of 16

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
Preschool Disabilities-Full Time					
Salaries of Teachers	\$ 474,739	\$ 6,400	\$ 481,139	\$ 472,836	\$ 8,303
Other Salaries for Instruction	217,963	(6,400)	211,563	141,816	69,747
Purch. Prof. Educ. Services	16,500		16,500		16,500
Purchased Technical Services	1,857		1,857	1,594	263
Other Purchased Services	1,512		1,512	528	984
General Supplies	13,100		13,100	6,971	6,129
Other Objects	3,500		3,500	40	3,460
Total Preschool Disabilities FT	<u>729,171</u>		<u>729,171</u>	<u>623,785</u>	<u>105,386</u>
Total Special Education	<u>6,880,293</u>	<u>(329,295)</u>	<u>6,550,998</u>	<u>6,060,074</u>	<u>490,924</u>
Basic Skills/Remedial					
Salaries of Teachers	1,012,354		1,012,354	848,008	164,346
Other Salaries for Instruction	43,612		43,612	28,187	15,425
General Supplies	3,386	(258)	3,128	1,617	1,511
Textbooks	196		196		196
Total Basic Skills/Remedial	<u>1,059,548</u>	<u>(258)</u>	<u>1,059,290</u>	<u>877,812</u>	<u>181,478</u>
Bilingual Education					
Salaries of Teachers	896,785		896,785	884,436	12,349
Other Salaries for Instr.	38,550		38,550	33,807	4,743
Other Purchased Services					
General Supplies	16,215	(222)	15,993	11,947	4,046
Textbooks	196		196		196
Other Objects	300	(300)			
Total Bilingual Education	<u>952,046</u>	<u>(522)</u>	<u>951,524</u>	<u>930,190</u>	<u>21,334</u>

MORRIS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Exhibit - C-1
 Page 5 of 16

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
School-Sponsored Co./Extra Activities					
Salaries	\$ 219,130		\$ 219,130	\$ 192,763	\$ 26,367
Purchased Services	18,920		18,920	6,615	12,305
Supplies and Materials	11,417		11,417	3,079	8,338
Other Objects	15,277		15,277	8,842	6,435
Total School-Sponsored Cocurricular Activities	<u>264,744</u>		<u>264,744</u>	<u>211,299</u>	<u>53,445</u>
School-Sponsored Athletics					
Salaries	790,661		790,661	738,796	51,865
Purchased Services	78,305	(3,000)	75,305	58,440	16,865
Supplies and Materials	137,185	(2,000)	135,185	126,417	8,768
Other Objects	81,900	5,000	86,900	86,604	296
Total School-Sponsored Athletics	<u>1,088,051</u>		<u>1,088,051</u>	<u>1,010,257</u>	<u>77,794</u>
Other Instructional Programs					
Salaries of Teachers					
Salaries	41,000		41,000	22,709	18,292
Total Other Instructional Programs	<u>41,000</u>		<u>41,000</u>	<u>22,709</u>	<u>18,292</u>
Community Serv. Programs/Operations					
Salaries	197,202		197,202	37,818	159,384
Supplies and Materials	1,000		1,000		1,000
Total Community Serv. Prog./Oper.	<u>198,202</u>		<u>198,202</u>	<u>37,818</u>	<u>160,384</u>
Total Instruction	<u>37,710,950</u>	<u>(394,341)</u>	<u>37,316,609</u>	<u>34,725,686</u>	<u>2,590,923</u>

MORRIS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Exhibit - C-1
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures:					
Instruction					
Tuition to Other LEA's Within the State-Special	\$ 872,991	(191,591)	\$ 681,400	\$ 631,205	\$ 50,195
Tuition to Cnty. Voc. School Reg.	182,320	13,675	195,995	195,995	
Tuition to Cnty. Voc. School - Spec.	36,464	(28,675)	7,789		7,789
Tuition to Cnty. Spec. Serv. School	184,031	15,600	199,631	183,000	16,631
Tuition to Priv. Sch. for the Handicapped - Within State	4,337,359	240,000	4,577,359	4,455,009	122,350
Tuition to Priv. Sch. for the Handicapped - Out of State	230,606	(55,600)	175,006	162,745	12,261
Tuition - State Facilities	33,482		33,482	33,482	
Tuition - Day Training	37,000	(29,403)	7,597		7,597
Total Undistrib. Expend. - Instruc.	5,914,253	(35,994)	5,878,259	5,661,436	216,823
Attendance and Social Work					
Salaries	58,578	250	58,828	58,798	30
Purchased Prof./Tech. Services	561		561	482	79
Supplies and Materials	2,091		2,091	1,675	416
Total Attendance & Social Work	61,230	250	61,480	60,955	525
Health Services					
Salaries	1,048,407	(250)	1,048,157	1,012,317	35,840
Purchased Prof./Tech. Services	43,523	7,000	50,523	31,590	18,933
Other Purchased Services	1,110	550	1,660	1,363	297
Supplies and Materials	17,850	(550)	17,300	8,312	8,989
Total Health Services	1,110,890	6,750	1,117,640	1,053,582	64,058

MORRIS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Other Supp. Serv. Stud.-Related Serv.					
Salaries	\$ 944,575	\$ 34,860	\$ 979,435	\$ 978,998	\$ 437
Purch. Profess. - Educational Svcs.	75,000	26,483	101,483	77,039	24,444
Supplies and Materials	<u>16,200</u>	<u> </u>	<u>16,200</u>	<u>15,332</u>	<u>868</u>
Total Other Support Services					
Student - Related Services	<u>1,035,775</u>	<u>61,343</u>	<u>1,097,118</u>	<u>1,071,369</u>	<u>25,749</u>
Other Supp. Serv. Stud.-Extra Serv.					
Salaries	1,745,064	279,390	2,024,454	2,012,924	11,530
Purchased Professional Services	<u>65,000</u>	<u> </u>	<u>65,000</u>	<u>7,737</u>	<u>57,263</u>
Total Other Support Services					
Student - Extra Services	<u>1,810,064</u>	<u>279,390</u>	<u>2,089,454</u>	<u>2,020,661</u>	<u>68,793</u>
Other Supp. Serv. - Students - Reg.					
Salaries of Other Prof. Staff	1,623,149	25,650	1,648,799	1,638,476	10,323
Salaries of Secr. and Cler. Assts.	289,089	1,480	290,569	286,232	4,337
Purch. Profess. - Educational Svcs.	153,224		153,224	152,768	456
Other Purch. Prof. and Tech. Svcs.	3,800	995	4,795	4,035	760
Other Purchased Services	5,013	713	5,726	3,564	2,161
Supplies and Materials	42,174	(2,508)	39,667	31,180	8,487
Other Objects	<u>2,030</u>	<u>(1,400)</u>	<u>630</u>	<u>192</u>	<u>438</u>
Total Other Support Services -					
Students - Regular	<u>2,118,479</u>	<u>24,930</u>	<u>2,143,409</u>	<u>2,116,447</u>	<u>26,962</u>

MORRIS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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	<u>ORIGINAL</u>	<u>BUDGET</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>BUDGET</u>	<u>TRANSFERS</u>	<u>BUDGET</u>		<u>POSITIVE (NEGATIVE)</u>
					<u>FINAL TO ACTUAL</u>
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures -					
Child Study Teams					
Salaries of Other Prof. Staff	\$ 1,819,599	\$ (6,500)	\$ 1,813,099	\$ 1,738,386	\$ 74,713
Salaries of Secr. and Cler. Assts.	282,488	6,500	288,988	286,487	2,501
Other Purch. Prof. and Tech. Services	80,291	(15,080)	65,211	43,764	21,447
Misc. Purch. Svcs.	9,200		9,200	3,099	6,101
Supplies & Materials	20,146		20,146	12,265	7,880
Other Objects	1,500		1,500	638	862
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Support Services - Students -Special Services	2,213,224	(15,080)	2,198,144	2,084,639	113,505
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	681,977	(30,056)	651,921	491,540	160,381
Salaries of Other Profess. Staff	329,244	(67,500)	261,744	228,719	33,025
Salaries of Secty. & Clerical Staff	100,819		100,819	90,714	10,105
Salaries of Facilitatotr, Math & Lit. Coaches	350,982		350,982	268,107	82,875
Purch. Prof. - Educ. Services	1,357		1,357	1,165	192
Other Purch. Prof. and Tech. Services	48,000	(1,000)	47,000	34,627	12,373
Supplies and Materials	204,659	(29,177)	175,482	137,975	37,507
Other Objects	1,000	238	1,238	1,238	0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Improvement of Instruction	1,718,038	(127,495)	1,590,543	1,254,085	336,458
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

MORRIS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures:					
Educational Media Serv./School Library					
Salaries	\$ 1,023,087		\$ 1,023,087	\$ 996,289	\$ 26,798
Salaries of Technology Coordinators	262,134		262,134	261,305	829
Purchased Prof./Tech. Services	37,295	1,537	38,832	35,451	3,380
Other Purchased Services	5,600	2,070	7,670	6,075	1,595
Supplies and Materials	89,797	(3,107)	86,690	77,044	9,646
Other Objects	1,000		1,000	924	76
	<u>1,418,913</u>	<u>500</u>	<u>1,419,413</u>	<u>1,377,088</u>	<u>42,325</u>
Total Educ. Media Services/ School Library					
	<u>1,418,913</u>	<u>500</u>	<u>1,419,413</u>	<u>1,377,088</u>	<u>42,325</u>
Instructional Staff Training Services					
Salaries of Supervisors of Instruction					
Salaries of Other Profess. Staff	19,000	(7,625)	11,375	4,544	6,831
Salaries of Secty. & Clerical Staff	28,352	1,500	29,852	29,614	238
Purchased Prof./Educ. Services	8,050	(200)	7,850	3,000	4,850
Other Purchased Services	4,000	(2,000)	2,000	2,000	2,000
Supplies and Materials	1,200		1,200	698	502
	<u>60,602</u>	<u>(8,325)</u>	<u>52,277</u>	<u>37,856</u>	<u>14,421</u>
Total Instructional Staff Training Serv					
	<u>60,602</u>	<u>(8,325)</u>	<u>52,277</u>	<u>37,856</u>	<u>14,421</u>

MORRIS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Undistributed Expenditures:					
Support Serv. General Administration					
Salaries	\$ 289,951		\$ 289,951	\$ 289,950	\$ 1
Legal Services	150,000		150,000	126,801	23,199
Audit Fees	40,000		40,000	35,363	4,637
Other Purchased Professional Serv.	195,349	94,879	290,228	193,558	96,670
Purchased Tech. Services	26,600		26,600	12,080	14,520
Communications/Telephone	347,450	4,518	351,968	248,240	103,728
BOE Other Purchased Services	8,000		8,000	28	7,972
Misc. Purchased Services	32,812	5,121	37,933	33,440	4,493
General Supplies	42,400		42,400	26,519	15,881
BOE In-House Training/Meeting Supplies	11,500		11,500	4,093	7,407
Misc. Expenditures	14,200		14,200	5,460	8,740
BOE Membership Dues & Fees	34,100		34,100	29,199	4,901
Total Support Serv. General Administration	1,192,362	104,518	1,296,880	1,004,732	292,148
Support Serv. School Administration					
Salaries of Principals/					
Asst. Principals	2,018,757	67,500	2,086,257	2,085,892	365
Salaries of Other Professional Staff	10,233		10,233	8,225	2,008
Salaries of Secty. and Cler. Assts.	994,967		994,967	990,067	4,900
Other Salaries	12,000		12,000		12,000
Purchased Prof. Tech. Services	27,719	52,016	79,735	25,434	54,301
Other Purchased Services	38,018	(15,575)	22,443	2,849	19,594
Supplies and Materials	86,293	(13,819)	72,473	42,112	30,361
Other Objects	11,429	2,044	13,473	10,775	2,699
Total Support Serv. School Admin.	3,199,416	92,166	3,291,581	3,165,353	126,228
Central Services					
Salaries	1,158,733	16,201	1,174,934	1,144,963	29,971
Purchased Prof. Services	29,500	(8,000)	21,500	5,450	16,050
Purchased Technical Services	54,900		54,900	48,500	6,400
Misc. Purchased Services	154,968	83,000	237,968	104,579	133,390
Supplies and Materials	34,200		34,200	6,666	27,534
Misc. Expenditures	13,200		13,200	8,061	5,139
Total Central Services	1,445,501	91,201	1,536,702	1,318,219	218,483

MORRIS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Undistributed Expenditures:					
Administrative Info. Technology					
Salaries	\$ 195,491		\$ 195,491	\$ 195,489	\$ 2
Purch. Professional Services	16,400	3,000	19,400	18,855	545
Purch. Technical Services	214,375	(3,000)	211,375	177,872	33,503
Other Purchased Services	35,000	(16,201)	18,799	3,452	15,347
Supplies and Materials	2,000		2,000		2,000
Other Objects	695		695	695	
Total Admin. Info. Technology	<u>463,961</u>	<u>(16,201)</u>	<u>447,760</u>	<u>396,363</u>	<u>51,397</u>
Interest on Maintenance Reserve	750		750		750
Req. Maint. For School Facilities					
Salaries	682,639	(460)	682,179	646,098	36,081
Cleaning, Repair & Maint. Services	1,142,230	(2,702)	1,139,529	857,493	282,036
General Supplies	238,686	42,607	281,293	236,965	44,327
Other Objects	9,040	(1,545)	7,495	4,207	3,288
Total Req. Maint Sch. Facilities	<u>2,072,595</u>	<u>37,900</u>	<u>2,110,495</u>	<u>1,744,763</u>	<u>365,733</u>
Custodial Services					
Salaries	2,416,773	460	2,417,233	2,321,051	96,183
Salaries of Non-Instructional Aides	158,108	(460)	157,648	150,963	6,685
Purchased Prof. and Tech. Services	310,506		310,506	174,806	135,700
Cleaning, Repair & Maint. Services	262,220	(10,000)	252,220	170,938	81,282
Other Purchased Property Services	192,440		192,440	184,235	8,205
Insurance	225,740		225,740	213,534	12,206
Misc. Purchased Services	5,000		5,000	768	4,232
General Supplies	255,750	(8,700)	247,050	230,584	16,466
Energy (Natural Gas)	718,120		718,120	336,283	381,837
Energy (Electricity)	1,217,250		1,217,250	838,646	378,604
Energy (Gasoline)	45,000		45,000	29,640	15,360
Other Objects	23,600		23,600	18,513	5,087
Total Custodial Services	<u>5,830,507</u>	<u>(18,700)</u>	<u>5,811,807</u>	<u>4,669,961</u>	<u>1,141,846</u>
Total Maint. & Custodial Serv.	<u>7,903,852</u>	<u>19,200</u>	<u>7,923,052</u>	<u>6,414,724</u>	<u>1,508,328</u>

MORRIS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Care and Upkeep of Grounds					
Salaries	\$ 350,644		\$ 350,644	\$ 330,119	\$ 20,525
Cleaning, Repair & Maint. Services	75,000	(8,000)	67,000	50,851	16,149
General Supplies	52,700		52,700	43,028	9,672
Total Care and Upkeep of Grounds	478,344	(8,000)	470,344	423,998	46,346
Security					
Salaries	436,022		436,022	411,183	24,839
Total Security	436,022		436,022	411,183	24,839
Student Transportation Services					
Salaries for Pupil Transportation (Between Home & School) - Regular	755,215	42,000	797,215	776,216	20,999
Salaries for Pupil Transportation (Between Home & School) - Special	364,505	(42,000)	322,505	297,754	24,751
Salaries for Pupil Transportation (Other than Between Home & School)	346,271		346,271	254,158	92,113
Management Fee-ESC Transport. Prog.	77,443		77,443	54,395	23,048
Other Purch. Prof./Tech. Serv.	10,485		10,485	6,641	3,844
Cleaning, Repair, and Maint. Services	20,000	(7,700)	12,300	12,295	5
Rental Payments - School Buses	4,000		4,000	3,366	634
Lease Purchase Payments - School Buses	102,795		102,795	29,946	72,849
Contracted Services (Between Home & School) - Vendors	1,927,868	(13,491)	1,914,377	1,849,210	65,167
Contracted Services (Other than Between Home & School)-Vendors	107,900	2,561	110,461	29,032	81,429
Contracted Services (Sp. Ed. Stds) - Vendors	534,445		534,445	373,986	160,459
Contracted Services (Regular Students) ESCs	159,567		159,567	125,370	34,197
Contracted Services (Special Ed. Students) ESCs	1,848,594	(185,435)	1,663,159	1,346,560	316,599
Contracted Services - Aid in Lieu of Payments	287,300	13,491	300,791	290,991	9,800
Misc. Purch. Serv. - Transportation	44,825		44,825	38,641	6,184
General Supplies	257,706	27,700	285,406	279,256	6,150
Miscellaneous Expenditures	8,000		8,000	6,184	1,816
Total Student Transportation Services	6,856,919	(162,874)	6,694,045	5,774,002	920,043

MORRIS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Unallocated Benefits - Empl. Benefits					
Group Insurance	\$ 48,100		\$ 48,100	\$ 47,039	\$ 1,061
Social Security Contributions	1,347,000		1,347,000	1,166,990	180,010
Other Retirement Contrib. - Regular	1,565,000		1,565,000	1,410,200	154,800
Unemployment Compensation	350,000	14	350,014	350,014	
Workmen's Compensation	622,733	(33,000)	589,733	490,195	99,538
Health Benefits	10,320,366	(77,871)	10,242,495	9,434,795	807,700
Tuition Reimbursements	220,000	19,500	239,500	229,082	10,418
Other Employee Benefits	368,500		368,500	113,219	255,281
Total Unallocated Benefits	<u>14,841,699</u>	<u>(91,357)</u>	<u>14,750,342</u>	<u>13,241,534</u>	<u>1,508,809</u>
On-Behalf TPAF Pension					
Contrib. - Not Budgeted				1,277,728	(1,277,728)
On-Behalf Post Retirement Medical					
Contrib. - Not Budgeted				2,568,568	(2,568,568)
On-Behalf TPAF Soc. Sec.					
Contrib. - Not Budgeted				2,887,761	(2,887,761)
Total Undistributed Expenditures	<u>54,279,543</u>	<u>214,922</u>	<u>54,494,465</u>	<u>55,622,282</u>	<u>(1,127,817)</u>
Total Expenditures - Current Expense	<u>91,990,493</u>	<u>(179,419)</u>	<u>91,811,074</u>	<u>90,347,968</u>	<u>1,463,106</u>

MORRIS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve	\$ 10,000.00		\$ 10,000.00		\$ 10,000.00
Equipment:					
Regular Programs - Instruction					
Grades 1-5		1,750	1,750	1,750	
Grades 9-12	18,600	9,669	28,269	26,420	1,849
NFL Youth		20,602	20,602	20,602	
School Admin. - Noninstructional		2,100	2,100		2,100
Administration Info. Technology	120,800	(9,371)	111,429	105,416	6,014
Required Maintenance for School Facilities	63,000	(18,918)	44,082	23,289	20,793
Custodial Services	6,000		6,000		6,000
Care and Upkeep of Grounds	10,500		10,500	4,320	6,180
Transportation-Instruc. Equipment	107,100	166,535	273,635	108,200	165,435
Transportation-Non-Instruc. Equipment	5,000	460	5,460	5,450	10
Total Equipment	<u>331,000</u>	<u>172,827</u>	<u>503,827</u>	<u>295,447</u>	<u>208,380</u>
Facilities Acquis. & Constr. Services					
Other Objects	<u>13,511</u>		<u>13,511</u>	<u>13,511</u>	
Total Facil. Acquis. & Constr. Serv.	<u>13,511</u>		<u>13,511</u>	<u>13,511</u>	
Assets Acquired Under Capital Leases (non-budgeted)				<u>122,903</u>	<u>(122,903)</u>
Total Assets Acq. Under Capital Leases				<u>122,903</u>	<u>(122,903)</u>
Total Capital Outlay	<u>354,511</u>	<u>172,827</u>	<u>527,338</u>	<u>431,861</u>	<u>95,478</u>
SPECIAL SCHOOLS					
Special Schools - Instruction					
Salaries of Teachers	<u>46,000</u>		<u>46,000</u>		<u>46,000</u>
Total Summer School - Instruction	<u>46,000</u>		<u>46,000</u>		<u>46,000</u>
TOTAL SPECIAL SCHOOLS	<u>46,000</u>		<u>46,000</u>		<u>46,000</u>

MORRIS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Total Expenditures	\$ 92,391,004	\$ (6,591)	\$ 92,384,413	\$ 90,779,829	\$ 1,604,584
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,077,210)</u>	<u>6,591</u>	<u>(2,070,619)</u>	<u>8,512,379</u>	<u>10,582,998</u>
Other Financing Sources (Uses)					
Capital Reserve Transf. To Capital Projects	(2,804,688)		(2,804,688)	(1,607,711)	1,196,977
Capital Outlay Transf. To Capital Projects	(150,000)		(150,000)	(71,625)	78,375
Capital Leases Non-Budgeted				122,903	122,903
Transfer of Funds to Charter School	(864,781)	(6,591)	(871,372)	(870,238)	1,134
Operating Transfers Out - Special Revenue Fund				(74,000)	(74,000)
Operating Transfers Out - Food Service	<u>(245,000)</u>	<u></u>	<u>(245,000)</u>	<u>(260,892)</u>	<u>(15,892)</u>
Total Other Financing Sources (Uses)	<u>(4,064,469)</u>	<u>(6,591)</u>	<u>(4,071,060)</u>	<u>(2,761,563)</u>	<u>1,309,497</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	(6,141,679)	0	(6,141,679)	5,750,815	11,892,494
Fund Balances, July 1	<u>17,188,670</u>	<u></u>	<u>17,188,670</u>	<u>17,188,670</u>	<u></u>
Fund Balances, June 30	\$ <u>11,046,991</u>	\$ <u>0</u>	\$ <u>11,046,991</u>	\$ <u>22,939,485</u>	\$ <u>11,892,494</u>

MORRIS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND

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	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE (NEGATIVE) <u>FINAL TO ACTUAL</u>
Recapitulation:					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for					
Subsequent Years Expenditures				\$ 2,927,119	
Reserve for Excess Surplus				3,119,955	
Maintenance Reserve				1,589,163	
Capital Reserve				9,362,875	
Committed Fund Balance:					
Year-end Encumbrances				332,766	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				1,495,505	
Designated for Subsequent Year's Expenditures-					
Capital Reserve				1,277,554	
Unassigned Fund Balance				<u>2,834,548</u>	
Fund Balance per Budgetary Basis (GAAP)				\$ <u>22,939,485</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				(531,530)	
Extraordinary Aid Payment				<u>(1,036,680)</u>	
Fund Balance per Governmental Funds (GAAP)				\$ <u>21,371,275</u>	

**MORRIS SCHOOL DISTRICT
BUDGET COMPARISON SCHEDULE
EDUCATION JOBS FUND - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable(Unfavorable)
REVENUES:					
Federal Sources:					
Education Jobs Fund	\$ 279,718.00	\$ 8,763.00	\$ 288,481.00	\$ 288,481.00	\$ _____
Total Revenues	\$ 279,718.00	\$ 8,763.00	\$ 288,481.00	\$ 288,481.00	\$ _____
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Grades 9-12	\$ 64,000.00	\$ 2,002.00	\$ 66,002.00	\$ 66,002.00	\$ _____
Special Education Instruction					
Multiple Disabilities	50,000.00	1,572.00	51,572.00	51,572.00	_____
Salaries					
Undistributed Expenditures					
Improvement of Instructional Services					
Salaries	65,000.00	2,040.00	67,040.00	67,040.00	_____
Education Media Serv./School Library					
Salaries	78,682.00	2,458.00	81,140.00	81,140.00	_____
Unallocated Benefits					
Social Security Benefits	22,036.00	691.00	22,727.00	22,727.00	_____
Total Expenditures	\$ 279,718.00	\$ 8,763.00	\$ 288,481.00	\$ 288,481.00	\$ _____
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Morris School District
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Revenue from Local Sources	\$ 121,000	\$ 183,949	\$ 304,949	\$ 199,721	\$ (105,228)
Total - Local Sources	121,000	183,949	304,949	199,721	(105,228)
State Sources:					
Nonpublic Aid	530,092	110,631	640,723	498,675	(142,048)
Preschool Education	234,300		234,300	234,300	
Total - State Sources	764,392	110,631	875,023	732,975	(142,048)
Federal Sources:					
Title I Part A	349,529	270,631	620,160	571,128	(49,032)
Title I Part D	40,109	26,409	66,518	66,518	
Title II	158,138	37,173	195,311	168,278	(27,033)
Title II Part D	1,468	(455)	1,013	1,013	0
Title III	78,207	17,884	96,091	87,499	(8,592)
Title IV		364	364	364	
Perkins Grant	30,236	5,067	35,303	35,303	
I.D.E.A., Part B - Regular	1,487,972	350,367	1,838,339	1,374,248	(464,091)
I.D.E.A., Part B - Preschool	45,000	83,063	128,063	128,063	
Career Academy	48,174	(48,174)			
ARRA Funds:					
Title I		21,188	21,188	18,229	(2,959)
IDEA, Part B		163,748	163,748	106,597	(57,151)
Total - Federal Sources	2,238,833	927,265	3,166,098	2,557,239	(608,858)
Total Revenues	3,124,225	1,221,845	4,346,069	3,489,935	(856,134)
EXPENDITURES:					
Instruction					
Salaries of Teachers	577,373	270,326	847,699	769,496	78,203
Other Salaries for Instruction	25,470	130,151	155,621	145,007	10,614
Purchased Professional - Educational Services	442,251	(375,951)	66,300	40,530	25,770
Other Purchased Services (400-500 series)	3,005	(243)	2,762	417	2,345

Morris School District
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Instruction (cont'd)					
General Supplies	198,007	136,311	334,318	276,399	57,919
Textbooks	136,825	1,393	138,218	109,588	28,630
Other Objects	90	5,841	5,931	4,146	1,785
Total instruction	<u>1,383,021</u>	<u>167,828</u>	<u>1,550,849</u>	<u>1,345,583</u>	<u>205,264</u>
EXPENDITURES (CONT'D):					
Support Services					
Salaries of Sect. and Clerical Assist.		5,964	5,964	2,652	3,312
Salaries of Other Professional Staff	385,884	546	386,430	239,421	147,009
Other Salaries		31,096	31,096	22,352	8,744
Personal Services - Employee Benefits	82,964	134,198	217,162	166,275	50,887
Purchased Professional - Educational Services	579,848	803,115	1,382,963	967,392	415,571
Other Purchased Professional Services	4,500	5,760	10,260	10,260	
Tuition	621,032	34,893	655,925	655,925	
Other Purchased Services		12,624	12,624	704	11,920
Supplies & Materials	11,485	52,822	64,307	56,180	8,127
Other Objects	41	6,448	6,489	6,443	46
Total support services	<u>1,685,754</u>	<u>1,087,466</u>	<u>2,773,220</u>	<u>2,127,604</u>	<u>645,616</u>
Facilities acquisition and construction services:		75	75		75
Instructional Equipment	55,450	(45,277)	10,173	7,995	2,178
Noninstructional Equipment		11,752	11,752	8,752	3,000
Total facilities acquisition and construction services	<u>55,450</u>	<u>(33,450)</u>	<u>22,000</u>	<u>16,747</u>	<u>5,253</u>
Total Expenditures	3,124,225	1,221,845	4,346,069	3,489,935	856,134
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION**

MORRIS BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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 (C-series)	(C-1)	\$ 99,292,208	(C-2)	\$ 3,489,935
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. Net				
				67,682
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.				
		(1,568,210)		
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.				
		<u>1,326,178</u>		
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)				
	(B-2)	<u>99,050,176</u>	(B-2)	<u>3,557,617</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule Includes(rounding differences)	(C-1)	90,779,831	(C-2)	3,489,935
Differences - budget to GAAP				
The district budgets for claims and compensated absences, only to the extent expected to be paid, rather than on the modified accrual basis.				
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes. Net				
				<u>67,682</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)				
	(B-2)	<u>\$ 90,779,831</u>	(B-2)	<u>\$ 3,557,617</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

SECTION – E

MORRIS SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Total Brought Forward (Ex. E-1a)	Title I Part A			I.D.E.A. Part B Basic Regular			IDEA Part B Basic Reg.	Totals 2012
		2011-2012	Summer	10/11 C/O	ARRA	2011-2012	Summer	10-11 C/O	
REVENUES:									
State Sources	\$ 732,975	\$	\$	\$	\$	\$	\$	\$	\$ 732,975
Federal Sources	487,037	434,055	44	137,029	18,229	1,061,343	64,439	248,466	2,557,239
Local Sources	199,721								199,721
Total Revenues	1,419,733	434,055	44	137,029	18,229	1,061,343	64,439	248,466	3,489,935
EXPENDITURES:									
Instruction:									
Salaries of Teachers	273,973	355,579		68,392		107	55,031	16,414	769,496
Other Salaries for Instruc.	29,713			7,232		27,415	648	80,000	145,007
Purch. Prof. - Educ. Services	34,030	6,500							40,530
Other Purch. Services	417								417
General Supplies	241,694	973	44	11,334	12,040	9,597	717		276,399
Textbooks	109,588								109,588
Other Objects	2,483			1,663					4,146
Total Instruction	691,898	363,052	44	88,621	12,040	37,119	56,396	96,414	1,345,583
Support Services:									
Salaries of Other Prof. Staff	38,798			14,590		184,866	1,167		239,421
Salaries of Sec. & Clerical Asst.				2,652					2,652
Other Salaries				22,352					22,352
Personal Services - Empl. Benefits	23,735	71,002		8,814		39,092	4,349	19,283	166,275
Purch. Prof. - Educ. Services	542,712				6,000	219,863	2,528	89,693	967,392
Other Purch. Prof. Services	10,260								10,260
Tuition	50,000					562,849		43,076	655,925
Other Purchased Services	704								704
Supplies and Materials	38,436				189	17,555			56,180
Miscellaneous Expenditures	6,443								6,443
Total Support Services	711,088	71,002		48,408	6,189	1,024,225	8,043	152,052	2,127,604
Facilities Acquis. & Const. Serv.:									
Construction Services									7,995
Instructional Equipment	7,995								7,995
Noninstructional Equipment	8,752								8,752
Total Facil. Acquis. & Const. Serv.	16,747								16,747
Total Expenditures	\$ 1,419,733	\$ 434,055	\$ 44	\$ 137,029	\$ 18,229	\$ 1,061,343	\$ 64,439	\$ 248,466	\$ 3,489,935

MORRIS SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Total Brought Forward (Ex. E-1b)	TITLE I PART D			TITLE II PART D		TITLE III REGULAR			IDEA PRESCHOOL		Total Carried Forward
		2011-2012	SUMMER	10-11 C/O	10-11 C/O	SUMMER	2011-2012	SUMMER	10-11 C/O	2011-2012	10-11 C/O	
REVENUES:												
State Sources	\$ 732,975											\$ 732,975
Federal Sources	203,944	66,518			383	630	83,565	3,084	850	51,436	76,627	487,037
Local Sources	199,721											199,721
Total Revenues	1,136,640	66,518			383	630	83,565	3,084	850	51,436	76,627	1,419,733
EXPENDITURES:												
Instruction:												
Salaries of Teachers	189,300	55,432										273,973
Other Salaries for Instruc.	14,656						29,241	15,057				29,713
Purch. Prof. - Educ. Services	34,030											34,030
Other Purch. Services	417											417
General Supplies	129,735				383	630	31,426	3,084		1,436	75,000	241,694
Textbooks	109,588											109,588
Other Objects	2,483											2,483
Total Instruction	480,209	55,432			383	630	75,724	3,084		1,436	75,000	691,898
Support Services:												
Salaries of Other Prof. Staff	34,662						4,136					38,798
Salaries of Sec. & Clerical Asst.												
Other Salaries												
Personal Services - Empl. Benefits	8,944	11,086					3,705					23,735
Purch. Prof. - Educ. Services	541,862								850			542,712
Other Purch. Prof. Services	10,260											10,260
Tuition										50,000		50,000
Other Purch. Services	704											704
Supplies and Materials	36,809										1,627	38,436
Miscellaneous Expenditures	6,443											6,443
Total Support Services	639,685	11,086					7,841		850	50,000	1,627	711,088
Facilities Acquis. & Const. Serv.:												
Construction Services												
Instructional Equipment	7,995											7,995
Noninstructional Equipment	8,752											8,752
Total Facil. Acquis. & Const. Serv.	16,747											16,747
Total Expenditures	\$ 1,136,640	\$ 66,518			\$ 383	\$ 630	\$ 83,565	\$ 3,084	\$ 850	\$ 51,436	\$ 76,627	\$ 1,419,734

MORRIS SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONTD)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Total Brought Forward (Ex. E-1c)	TITLE II			TITLE IV		CARL PERKINS	Total Carried Forward
		2011-2012	SUMMER	10-11 C/O	SUMMER	10-11 C/O		
REVENUES:								
State Sources	\$ 732,975	\$	\$	\$	\$	\$	\$	\$ 732,975
Federal Sources		145,717		22,561		364	35,303	203,944
Local Sources	199,721							199,721
Total Revenues	932,696	145,717		22,561		364	35,303	1,136,640
EXPENDITURES:								
Instruction:								
Salaries of Teachers	76,600	100,605		11,022			1,073	189,300
Other Salaries for Instruc.	14,656							14,656
Purch. Prof. - Educ. Services	34,030							34,030
Other Purch. Services	417							417
General Supplies	100,168	410					29,157	129,735
Textbooks	109,588							109,588
Other Objects	2,483							2,483
Total Instruction	337,941	101,015		11,022			30,230	480,209
Support Services:								
Salaries of Other Prof. Staff	14,249	15,242		5,171				34,662
Salaries of Sec. & Clerical Asst.								
Other Salaries								
Personal Services - Empl. Benefits		8,862					82	8,944
Purch. Prof. - Educ. Services	522,236	18,024		1,238		364		541,862
Other Purch. Prof. Services	9,000	1,260						10,260
Tuition								
Other Purch. Services	704							704
Supplies and Materials	34,818						1,991	36,809
Miscellaneous Expenditures		1,314		5,129				6,443
Total Support Services	581,007	44,702		11,538		364	2,073	639,685
Facilities Acquis. & Const. Serv.:								
Construction Services							3,000	7,995
Instructional Equipment	4,995							8,752
Noninstructional Equipment	8,752							8,752
Total Facil. Acquis. & Const. Serv.	13,747						3,000	16,747
Total Expenditures	\$ 932,696	\$ 145,717		\$ 22,561		\$ 364	\$ 35,303	\$ 1,136,640

SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONTD)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Total Brought Forward (Ex. E-1d)	N.J. Auxillary Services Ch. 193		N.J. Nonpublic Handicapped Services Ch. 193			Nonpublic Nursing	Nonpublic Textbooks	Total Carried Forward
		Home Instruction	Compensatory Education	Supplemental Instruction	Examination & Classification	Corrective Speech			
REVENUES:									
State Sources	\$ 234,300	\$ 5,239	\$ 84,784	\$ 12,487	\$ 58,950	\$ 33,489	\$ 195,287	\$ 108,439	\$ 732,975
Federal Sources									
Local Sources	199,721								199,721
Total Revenues	434,021	5,239	84,784	12,487	58,950	33,489	195,287	108,439	932,696
EXPENDITURES:									
Instruction:									
Salaries of Teachers	76,600								76,600
Other Salaries for Instruc.	14,656								14,656
Purch. Prof. - Educ. Services	34,030								34,030
Other Purch. Services	417								417
General Supplies	100,168								100,168
Textbooks	1,149							108,439	109,588
Other Objects	2,483								2,483
Total Instruction	229,502							108,439	337,941
Support Services:									
Salaries of Other Prof. Staff	14,249								14,249
Salaries of Sec. & Clerical Asst.									
Other Salaries									
Personal Services - Empl. Benefits									
Purch. Prof. - Educ. Services	132,000	5,239	84,784	12,487	58,950	33,489	195,287		522,236
Other Purch. Prof. Services	9,000								9,000
Tuition									
Other Purch. Services	704								704
Supplies and Materials	34,818								34,818
Miscellaneous Expenditures									
Total Support Services	190,772	5,239	84,784	12,487	58,950	33,489	195,287		581,007
Facilities Acquis. & Const. Serv.:									
Construction Services									
Instructional Equipment	4,995								4,995
Noninstructional Equipment	8,752								8,752
Total Facil. Acquis. & Const. Serv.	13,747								13,747
Total Expenditures	\$ 434,021	\$ 5,239	\$ 84,784	\$ 12,487	\$ 58,950	\$ 33,489	\$ 195,287	\$ 108,439	\$ 932,696

MORRIS SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Total Brought Forward (Ex. E-1e)	COMMUNITY FOUNDATION NJ	WILLOW TREE MHS	NJSBAIG SAFETY GRANT	PRE-K INITIATIVE	PRESCHOOL EDUCATION	POST SCHOOL OUTCOME COHART 5	Total Carried Forward
REVENUES:								
State Sources	\$	\$	\$	\$	\$	\$ 234,300	\$	\$ 234,300
Federal Sources								
Local Sources	<u>145,219</u>			<u>42,017</u>	<u>9,755</u>		<u>2,730</u>	<u>199,721</u>
Total Revenues	<u>145,219</u>			<u>42,017</u>	<u>9,755</u>	<u>234,300</u>	<u>2,730</u>	<u>434,021</u>
EXPENDITURES:								
Instruction:								
Salaries of Teachers	400					76,200		76,600
Other Salaries for Instruc.	8,056					6,600		14,656
Purch. Prof. - Educ. Services	34,030							34,030
Other Purch. Services	417							417
General Supplies	89,860					10,308		100,168
Textbooks	1,149							1,149
Other Objects	<u>2,291</u>					<u>192</u>		<u>2,483</u>
Total Instruction	<u>136,202</u>					<u>93,300</u>		<u>229,502</u>
Support Services:								
Salaries of Other Prof. Staff	1,764				9,755		2,730	14,249
Salaries of Sec. & Clerical Asst.								
Other Salaries								
Personal Services - Empl. Benefits								
Purch. Prof. - Educ. Services						132,000		132,000
Other Purch. Prof. Services						9,000		9,000
Tuition								
Other Purch. Services	704							704
Supplies and Materials	1,554			33,265				34,818
Miscellaneous Expenditures								
Total Support Services	<u>4,022</u>			<u>33,265</u>	<u>9,755</u>	<u>141,000</u>	<u>2,730</u>	<u>190,772</u>
Facilities Acquis. & Const. Serv.:								
Construction Services								
Instructional Equipment	4,995							4,995
Noninstructional Equipment				8,752				8,752
Total Facil. Acquis. & Const. Serv.	<u>4,995</u>			<u>8,752</u>				<u>13,747</u>
Total Expenditures	\$ <u>145,219</u>	\$	\$	\$ <u>42,017</u>	\$ <u>9,755</u>	\$ <u>234,300</u>	\$ <u>2,730</u>	\$ <u>434,021</u>

MORRIS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Total Brought Forward (Ex. E-1f)	HONEYWELL	PFIZER	NOVARTIS SCIENCE GRANT	MISC	Total Carried Forward
<u>REVENUES:</u>						
State Sources	\$	\$	\$	\$	\$	\$
Federal Sources						
Local Sources	120,702		16,029		8,489	145,219
Total Revenues	120,702		16,029		8,489	145,219
<u>EXPENDITURES:</u>						
Instruction:						
Salaries of Teachers	400					400
Other Salaries for Instruc.	5,000		3,056			8,056
Purch. Prof. - Educ. Services	33,680		350			34,030
Other Purch. Services	417					417
General Supplies	73,856		8,151		7,853	89,860
Textbooks			1,149			1,149
Other Objects	700		1,558		33	2,291
Total Instruction	114,053		14,264		7,885	136,202
Support Services:						
Salaries of Other Prof. Staff			1,764			1,764
Salaries of Sec. & Clerical Asst.						
Other Salaries						
Personal Services - Empl. Benefits						
Purch. Prof. - Educ. Services						
Other Purch. Prof. Services						
Tuition						
Other Purch. Services	704					704
Supplies and Materials	950				603	1,554
Miscellaneous Expenditures						
Total Support Services	1,654		1,764		603	4,022
Facilities Acquis. & Const. Serv.:						
Construction Services						
Instructional Equipment	4,995					4,995
Noninstructional Equipment						
Total Facil. Acquis. & Const. Serv.	4,995					4,995
Total Expenditures	\$ 120,702	\$	\$ 16,029	\$	\$ 8,489	\$ 145,219

MORRIS SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Total Brought Forward (Ex. E-1g)	MUNICIPAL ALLIANCE	POPS ACHIEVEMENT	WONG FAMILY DONATION/ LIBRARY	TRAVELLERS	DODGE FOUNDATION	MORRIS EDUCATION FOUNDATION	Total Carried Forward
<u>REVENUES:</u>								
State Sources	\$	\$	\$	\$	\$	\$	\$	\$
Federal Sources								
Local Sources	69,722	480					50,500	120,702
Total Revenues	69,722	480					50,500	120,702
<u>EXPENDITURES:</u>								
Instruction:								
Salaries of Teachers	400							400
Other Salaries for Instruc.	5,000							5,000
Purch. Prof. - Educ. Services							33,680	33,680
Other Purch. Services							417	417
General Supplies	61,968	480					11,408	73,856
Textbooks								
Other Objects	700							700
Total Instruction	68,068	480					45,505	114,053
Support Services:								
Salaries of Other Prof. Staff								
Salaries of Sec. & Clerical Asst.								
Other Salaries								
Personal Services - Empl. Benefits								
Purch. Prof. - Educ. Services								
Other Purch. Prof. Services								
Tuition								
Other Purch. Services	704							704
Supplies and Materials	950							950
Miscellaneous Expenditures								
Total Support Services	1,654							1,654
Facilities Acquis. & Const. Serv.:								
Construction Services								
Instructional Equipment							4,995	4,995
Noninstructional Equipment								
Total Facil. Acquis. & Const. Serv.							4,995	4,995
Total Expenditures	\$ 69,722	\$ 480	\$	\$	\$	\$	\$ 50,500	\$ 120,702

MORRIS SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	TARGET GRANT	ROSINA SANTORA FOUNDATION	NY COMMUNITY TRUST	SCHOOLS ATTUNDED DODGE AH	FIRST ENERGY	BAYER	Total Carried Forward
<u>REVENUES:</u>							
State Sources	\$	\$			\$	\$	
Federal Sources							
Local Sources	917	950		5,430		62,425	69,722
Total Revenues	917	950		5,430		62,425	69,722
<u>EXPENDITURES:</u>							
Instruction:							
Salaries of Teachers						400	400
Other Salaries for Instruc.						5,000	5,000
Purch. Prof. - Educ. Services							
Other Purch. Services							
General Supplies	217			5,430		56,321	61,968
Textbooks							
Other Objects	700						700
Total Instruction	917			5,430		61,721	68,068
Support Services:							
Salaries of Other Prof. Staff							
Salaries of Sec. & Clerical Asst.							
Other Salaries							
Personal Services - Empl. Benefits							
Purch. Prof. - Educ. Services							
Other Purch. Prof. Services							
Tuition							
Other Purch. Services						704	704
Supplies and Materials		950					950
Miscellaneous Expenditures							
Total Support Services		950				704	1,654
Facilities Acquis. & Const. Serv.:							
Construction Services							
Instructional Equipment							
Noninstructional Equipment							
Total Facil. Acquis. & Const. Serv.							
Total Expenditures	\$ 917	\$ 950	\$	\$ 5,430	\$	\$ 62,425	\$ 69,722

MORRIS SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 PRESCHOOL EDUCATION AID
 STATEMENT OF EXPENDITURES
 BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>EXPENDITURES</u>			
Instruction:			
Salaries of Teachers	\$ 76,200	\$ 76,200	\$
Other Salaries for Instruc.	6,600	6,600	
General Supplies	10,308	10,308	
Miscellaneous Expenditures	192	192	
	<u>93,300</u>	<u>93,300</u>	
Total Instruction			
Support Services:			
Purch. Prof. - Educ. Services	132,000	132,000	-
Other Purch. Prof. serv.	9,000	9,000	
	<u>141,000</u>	<u>141,000</u>	-
Total Support Services			
Total Expenditures	<u>\$ 234,300</u>	<u>\$ 234,300</u>	<u>\$ -</u>
Total Revised 2011-12 Preschool Education Aid Allocation			\$ 234,300
Actual Preschool Aid Carryover (June 30, 2011)			<u> </u>
Total Preschool Education Funds Available 2011-12 Budget			234,300
Less: 2011-12 Budgeted Preschool Education Aid (Incl. Prior Year Budgeted Carryover)			<u>234,300</u>
Available & Unbudgeted Preschool Education Funds as of June 30, 2012			-
Add: June 30, 2012 Unexpended Preschool Education Aid			<u> </u>
2011-2012 Actual Carryover - Preschool Education Aid			<u> </u>
2011-12 Preschool Ed Aid Carryover Budgeted in 2012-2013			<u>\$ </u>

CAPITAL PROJECTS FUND

SECTION – F

MORRIS BOARD OF EDUCATION
 SUMMARY STATEMENT OF PROJECT EXPENDITURES
 CAPITAL PROJECTS FUND
 FISCAL YEAR ENDED JUNE 30, 2012

PROJECT TITLE / ISSUE	EXPENDITURES			UNEXPENDED BALANCE
	APPROPRIATION	PRIOR YEARS	CURRENT YEAR	
<u>FY 2011 & 2010</u>				
Fieldhouse	\$ 570,300	\$ 331,311	\$ 238,989	\$
TJ Art Room	264,368	139,229	125,139	
Sussex Roof	854,500	784,832	69,668	
<u>FY 2012</u>				
MHS Science Labs	765,600	92,268	673,332	
MHS ADA Toilet Upgrades	188,800	34,082	154,718	
MHS Windows	192,000	13,809	178,191	
AH Roof	200,500	25,549	174,951	
HC Windows	873,000	54,603	818,397	
TJ Roof	1,035,000	101,232	933,768	
TJ Parking Lot	71,625		71,625	
<u>FY 2013</u>				
MHS Roof	293,140		242,088	51,052
MHS Boiler Room	468,500		109,861	358,639
AH Auditorium	344,475		21,470	323,005
AV Roof	305,105		250,605	54,500
WD Electric	72,090		11,375	60,715
Transportation Roof	206,551		168,679	37,872
Transportation Retaining Wall	425,194		21,851	403,343
NP Roof	54,204		12,754	41,450
Totals	\$ 7,184,952	\$ 1,576,915	\$ 4,277,461	\$ 1,330,575

Analysis of Balance(s) - June 30, 2012:

2011/2012 Expenditures	\$ 3,647,802
Cancelled to Capital Reserve	561,548
Cancelled EDA Grants	68,112
	<u>\$ 4,277,461</u>

Reconciliation - Unexpended Capital Project Balances to Fund Balance - June 30, 2012:

Unexpended Project Balances June 30, 2012	\$ 1,330,575
Add (Less):	
Total Fund Balance (GAAP Basis) - June 30, 2012	\$ 1,330,575

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

Revenues and Other Financing Sources	
State Sources - SCC Grant	\$ 420,279
Bond proceeds and transfers	
Contribution from private source	
Transfer from capital reserve	1,607,711
Transfer from capital outlay	71,625
Total revenues	2,099,615
Expenditures and Other Financing Uses	
Purchased professional and technical services	
Land and Improvements	3,647,804
Construction services	
Equipment purchases	
Total expenditures	3,647,804
Excess (deficiency) of revenues over (under) expenditures	(1,548,189)
Fund balance - beginning	2,878,764
Fund balance - ending	\$ 1,330,575

Reconciliation Fund Balance (Ending) Budgetary-GAAP:

Fund Balance - Budgetary Basis	\$1,330,575
Less:	
Unearned State Aid/Grants	_____
Fund Balance - GAAP Basis	\$1,330,575

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 SUSSEX ROOF
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 341,800	\$	\$ 341,800	\$ 341,800
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve	512,700		512,700	512,700
Transfer from capital outlay				
Total revenues	<u>854,500</u>		<u>854,500</u>	<u>854,500</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	17,832		17,832	17,832
Land and Improvements				
Construction services	767,000		767,000	767,000
Equipment purchases				
Transfer to capital reserve		69,668	69,668	69,668
Total expenditures	<u>784,832</u>	<u>69,668</u>	<u>854,500</u>	<u>854,500</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 69,668	\$ (69,668)	\$ 0	\$ 0

Additional project information:

Project Number	3385-105-01006
Grant Date	06/19/06
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$1,494,000
Additional Authorized Cost	(639,500)
Revised Authorized Cost	854,500
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	100%
Original target completion date	Aug-10
Revised target completions date	Aug-10

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 THOMAS JEFFERSON ART ROOM
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve	264,368		264,368	264,368
Transfer from capital outlay				
Total revenues	264,368		264,368	264,368
 Expenditures and Other Financing Uses				
Purchased professional and technical services	15,452		15,452	15,452
Land and Improvements				
Construction services	123,777		123,777	123,777
Equipment purchases				
Transfer to capital reserve		125,139	125,139	125,139
Total expenditures	139,229	125,139	264,368	264,368
 Excess (deficiency) of revenues over (under) expenditures	\$ 125,139	\$ (125,139)	\$	\$

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	N/A
Additional Authorized Cost	N/A
Revised Authorized Cost	N/A
 Percentage Increase over Original Authorized Cost	 N/A
Percentage completion	100.00%
Original target completion date	Aug-10
Revised target completions date	Aug-10

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 MD FIELDHOUSE
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve	570,300		570,300	570,300
Transfer from capital outlay				
Total revenues	570,300		570,300	570,300
Expenditures and Other Financing Uses				
Purchased professional and technical services	3,674		3,674	3,674
Land and Improvements				
Construction services	327,637		327,637	327,637
Equipment purchases				
Transfer to capital reserve		238,989	238,989	238,989
Total expenditures	331,311	238,989	570,300	570,300
Excess (deficiency) of revenues over (under) expenditures	\$ 238,989	\$ (238,989)	\$	\$

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$570,300
Additional Authorized Cost	N/A
Revised Authorized Cost	\$570,300

Percentage Increase over Original Authorized Cost	N/A
Percentage completion	100.0%
Original target completion date	Aug-07
Revised target completions date	Aug-07

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 MORRISTOWN HIGH SCHOOL SCIENCE LABS
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve	765,600		765,600	765,600
Transfer from capital outlay				
Total revenues	<u>765,600</u>	<u> </u>	<u>765,600</u>	<u>765,600</u>
 Expenditures and Other Financing Uses				
Purchased professional and technical services	56,175	13,998	70,173	70,173
Land and Improvements				
Construction services	36,093	477,452	513,545	513,545
Equipment purchases		158,303	158,303	158,303
Transfer to capital reserve		23,580	23,580	23,580
Total expenditures	<u>92,268</u>	<u>501,031</u>	<u>765,600</u>	<u>765,600</u>
 Excess (deficiency) of revenues over (under) expenditures	\$ <u>673,332</u>	\$ <u>(501,031)</u>	\$ <u>0</u>	\$ <u>0</u>

Additional project information:

Project Number	3385-050-11-1000
Grant Date	01/21/11
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$765,600
Additional Authorized Cost	
Revised Authorized Cost	765,600
 Percentage Increase over Original Authorized Cost	N/A
Percentage completion	100%
Original target completion date	Aug-11
Revised target completions date	Aug-11

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 MORRISTOWN HIGH SCHOOL ADA TOILET UPGRADES
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 75,520	\$ (1,382)	\$ 74,138	\$ 74,138
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve	113,280		113,280	113,280
Transfer from capital outlay				
Total revenues	<u>188,800</u>	<u>(1,382)</u>	<u>187,418</u>	<u>187,418</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	22,302	5,238	27,540	27,540
Land and Improvements				
Construction services	11,780	146,025	157,805	157,805
Equipment purchases				
Transfer to capital reserve		2,073	2,073	2,073
Total expenditures	<u>34,082</u>	<u>153,336</u>	<u>187,418</u>	<u>187,418</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>154,718</u>	\$ <u>(154,718)</u>	\$ <u>0</u>	\$ <u>0</u>

Additional project information:

Project Number	G5-4367
Grant Date	03/03/11
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$303,000
Additional Authorized Cost	(114,200)
Revised Authorized Cost	188,800

Percentage Increase over Original

Authorized Cost	N/A
Percentage completion	100%
Original target completion date	Aug-11
Revised target completions date	Aug-11

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 MORRISTOWN HS WINDOWS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 76,800	\$ (18,323)	\$ 58,477	\$ 58,477
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve	115,200		115,200	115,200
Transfer from capital outlay				
Total revenues	<u>192,000</u>	<u>(18,323)</u>	<u>173,677</u>	<u>173,677</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	13,809	3,776	17,586	17,586
Land and Improvements				
Construction services		128,606	128,606	128,606
Equipment purchases				
Transfer to capital reserve		27,485	27,485	27,485
Total expenditures	<u>13,809</u>	<u>159,868</u>	<u>173,677</u>	<u>173,677</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>178,191</u>	\$ <u>(178,191)</u>	\$ <u>(0)</u>	\$ <u>(0)</u>

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$218,800
Additional Authorized Cost	(26,800)
Revised Authorized Cost	\$192,000
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	100%
Original target completion date	Sep-11
Revised target completions date	Sep-11

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 ALEXANDER HAMILTON ROOF
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve	200,500		200,500	200,500
Transfer from capital outlay				
Total revenues	200,500		200,500	200,500
 Expenditures and Other Financing Uses				
Purchased professional and technical services	13,132	3,485	16,617	16,617
Land and Improvements				
Construction services	12,417	159,367	171,784	171,784
Equipment purchases				
Transfer to capital reserve		12,099	12,099	12,099
Total expenditures	25,549	174,951	200,500	200,500
Excess (deficiency) of revenues over (under) expenditures	\$ 174,951	\$ (174,951)	\$ 0	\$ 0

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$330,000
Additional Authorized Cost	(129,500)
Revised Authorized Cost	\$200,500
 Percentage Increase over Original Authorized Cost	 N/A
Percentage completion	100%
Original target completion date	Sep-11
Revised target completions date	Sep-11

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 HILLCREST WINDOWS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 349,200	\$ (48,406)	\$ 300,794	\$ 300,794
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve	523,800		523,800	523,800
Transfer from capital outlay				
Total revenues	<u>873,000</u>	<u>(48,406)</u>	<u>824,594</u>	<u>824,594</u>
 Expenditures and Other Financing Uses				
Purchased professional and technical services	54,603	14,687	69,290	69,290
Land and Improvements				
Construction services		682,694	682,694	682,694
Equipment purchases				
Transfer to capital reserve		72,610	72,610	72,610
Total expenditures	<u>54,603</u>	<u>755,304</u>	<u>824,593</u>	<u>824,593</u>
 Excess (deficiency) of revenues over (under) expenditures	 \$ 818,397	 \$ (803,710)	 \$ 0	 \$ 0

Additional project information:

Project Number	G5-4368
Grant Date	03/03/11
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$873,000
Additional Authorized Cost	(48,406)
Revised Authorized Cost	\$824,594
 Percentage Increase over Original Authorized Cost	 N/A
Percentage completion	100%
Original target completion date	Sep-11
Revised target completions date	Sep-11

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 THOMAS JEFFERSON ROOF
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve	1,035,000	10,095	1,045,095	1,045,095
Transfer from capital outlay				
Total revenues	<u>1,035,000</u>	<u>10,095</u>	<u>1,045,095</u>	<u>1,045,095</u>
 Expenditures and Other Financing Uses				
Purchased professional and technical services	43,314	19,111	62,426	62,426
Land and Improvements				
Construction services	57,918	924,751	982,669	982,669
Equipment purchases				
Transfer to capital reserve				
Total expenditures	<u>101,232</u>	<u>943,863</u>	<u>1,045,095</u>	<u>1,045,095</u>
 Excess (deficiency) of revenues over (under) expenditures	\$ <u>933,768</u>	\$ <u>(933,768)</u>	\$ <u>(0)</u>	\$ <u>(0)</u>

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$1,065,000
Additional Authorized Cost	(19,905.00)
Revised Authorized Cost	\$1,065,000

Percentage Increase over Original

Authorized Cost	N/A
Percentage completion	100%
Original target completion date	Sep-11
Revised target completions date	Sep-11

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 THOMAS JEFFERSON PARKING LOT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve				
Transfer from capital outlay		71,625	71,625	71,625
Total revenues		<u>71,625</u>	<u>71,625</u>	<u>71,625</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services				
Land and Improvements				
Construction services		71,625	71,625	71,625
Equipment purchases				
Transfer to capital reserve				
Total expenditures		<u>71,625</u>	<u>71,625</u>	<u>71,625</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Additional project information:				
Project Number		N/A		
Grant Date		N/A		
Bond Authorization Date		N/A		
Bonds Authorized		N/A		
Bonds Issued		N/A		
Original Authorized Cost	\$71,625			
Additional Authorized Cost				
Revised Authorized Cost	\$71,625			
Percentage Increase over Original				
Authorized Cost		N/A		
Percentage completion		100%		
Original target completion date		Sep-11		
Revised target completions date		Sep-11		

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 MHS ROOF
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve		293,140	293,140	293,140
Transfer from capital outlay				
Total revenues		293,140	293,140	293,140
Expenditures and Other Financing Uses				
Purchased professional and technical services		28,999	28,999	28,999
Land and Improvements				
Construction services		213,089	213,089	213,089
Equipment purchases				
Transfer to capital reserve				
Total expenditures		242,088	242,088	242,088
Excess (deficiency) of revenues over (under) expenditures	\$	\$ 51,052	\$ 51,052	\$ 51,052

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$293,140
Additional Authorized Cost	
Revised Authorized Cost	\$293,140
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	75%
Original target completion date	Sep-12
Revised target completions date	Sep-12

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 MHS BOILER ROOM
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve		468,500	468,500	468,500
Transfer from capital outlay				
Total revenues		468,500	468,500	468,500
Expenditures and Other Financing Uses				
Purchased professional and technical services		24,562	24,562	24,562
Land and Improvements				
Construction services		85,299	85,299	85,299
Equipment purchases				
Transfer to capital reserve				
Total expenditures		109,861	109,861	109,861
Excess (deficiency) of revenues over (under) expenditures	\$	\$ 358,639	\$ 358,639	\$ 358,639

Additional project information:

Project Number	N/A	
Grant Date	N/A	
Bond Authorization Date	N/A	
Bonds Authorized	N/A	
Bonds Issued	N/A	
Original Authorized Cost	\$468,500	
Additional Authorized Cost		
Revised Authorized Cost	\$468,500	
Percentage Increase over Original		
Authorized Cost	N/A	
Percentage completion	N/A	
Original target completion date	Sep-12	
Revised target completions date	Sep-12	

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 AH AUDITORIUM
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve		344,475	344,475	344,475
Transfer from capital outlay				
Total revenues		<u>344,475</u>	<u>344,475</u>	<u>344,475</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services		21,470	21,470	21,470
Land and Improvements				
Construction services				
Equipment purchases				
Transfer to capital reserve				
Total expenditures		<u>21,470</u>	<u>21,470</u>	<u>21,470</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$</u>	<u>\$ 323,005</u>	<u>\$ 323,005</u>	<u>\$ 323,005</u>

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$344,475
Additional Authorized Cost	
Revised Authorized Cost	\$344,475
Percentage Increase over Original	
Authorized Cost	N/A
Percentage completion	N/A
Original target completion date	Sep-12
Revised target completions date	Sep-12

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 AV ROOF
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve		305,105	305,105	305,105
Transfer from capital outlay				
Total revenues		305,105	305,105	305,105
Expenditures and Other Financing Uses				
Purchased professional and technical services		46,153	46,153	46,153
Land and Improvements				
Construction services		204,453	204,453	204,453
Equipment purchases				
Transfer to capital reserve				
Total expenditures		250,605	250,605	250,605
Excess (deficiency) of revenues over (under) expenditures	\$	\$ 54,500	\$ 54,500	\$ 54,500

Additional project information:

Project Number	N/A	
Grant Date	N/A	
Bond Authorization Date	N/A	
Bonds Authorized	N/A	
Bonds Issued	N/A	
Original Authorized Cost	\$305,105	
Additional Authorized Cost		
Revised Authorized Cost	\$305,105	
Percentage Increase over Original Authorized Cost	N/A	
Percentage completion	N/A	
Original target completion date	Sep-12	
Revised target completions date	Sep-12	

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 WD ELECTRIC
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve		72,090	72,090	72,090
Transfer from capital outlay				
Total revenues	<u> </u>	<u>72,090</u>	<u>72,090</u>	<u>72,090</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services		11,375	11,375	11,375
Land and Improvements				
Construction services				
Equipment purchases				
Transfer to capital reserve				
Total expenditures	<u> </u>	<u>11,375</u>	<u>11,375</u>	<u>11,375</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$</u>	<u>\$ 60,715</u>	<u>\$ 60,715</u>	<u>\$ 60,715</u>

Additional project information:

Project Number	N/A	
Grant Date	N/A	
Bond Authorization Date	N/A	
Bonds Authorized	N/A	
Bonds Issued	N/A	
Original Authorized Cost	\$72,090	
Additional Authorized Cost		
Revised Authorized Cost	\$72,090	
Percentage Increase over Original Authorized Cost	N/A	
Percentage completion	N/A	
Original target completion date	Sep-12	
Revised target completions date	Sep-12	

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 TRANSPORTATION ROOF
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve		206,551	206,551	206,551
Transfer from capital outlay				
Total revenues		206,551	206,551	206,551
Expenditures and Other Financing Uses				
Purchased professional and technical services				
Land and Improvements				
Construction services		168,679	168,679	168,679
Equipment purchases				
Transfer to capital reserve				
Total expenditures		168,679	168,679	168,679
Excess (deficiency) of revenues over (under) expenditures	\$	\$ 37,872	\$ 37,872	\$ 37,872

Additional project information:

Project Number	N/A	
Grant Date	N/A	
Bond Authorization Date	N/A	
Bonds Authorized	N/A	
Bonds Issued	N/A	
Original Authorized Cost	\$206,551	
Additional Authorized Cost		
Revised Authorized Cost	\$206,551	
Percentage Increase over Original Authorized Cost	N/A	
Percentage completion	N/A	
Original target completion date	Sep-12	
Revised target completions date	Sep-12	

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
TRANSPORTATION RETAINING WALL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve		425,194	425,194	425,194
Transfer from capital outlay				
Total revenues	<u> </u>	<u>425,194</u>	<u>425,194</u>	<u>425,194</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services		21,851	21,851	21,851
Land and Improvements				
Construction services				
Equipment purchases				
Transfer to capital reserve				
Total expenditures	<u> </u>	<u>21,851</u>	<u>21,851</u>	<u>21,851</u>
Excess (deficiency) of revenues over (under) expenditures	\$	\$ 403,343	\$ 403,343	\$ 403,343

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$425,194
Additional Authorized Cost	
Revised Authorized Cost	\$425,194

Percentage Increase over Original

Authorized Cost	N/A
Percentage completion	N/A
Original target completion date	Sep-12
Revised target completions date	Sep-12

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 NP ROOF
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve		54,204	54,204	54,204
Transfer from capital outlay				
Total revenues		54,204	54,204	54,204
Expenditures and Other Financing Uses				
Purchased professional and technical services				
Land and Improvements				
Construction services		12,754	12,754	12,754
Equipment purchases				
Transfer to capital reserve				
Total expenditures		12,754	12,754	12,754
Excess (deficiency) of revenues over (under) expenditures	\$	\$ 41,450	\$ 41,450	\$ 41,450

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$54,204
Additional Authorized Cost	
Revised Authorized Cost	\$54,204
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	N/A
Original target completion date	Sep-12
Revised target completions date	Sep-12

PROPRIETARY FUNDS

SECTION – G

ENTERPRISE FUND

MORRIS BOARD OF EDUCATION
 COMBINING STATEMENT OF NET ASSETS
 ENTERPRISE FUND
AS OF JUNE 30, 2012

	<u>FOOD SERVICE</u>	<u>COMMUNITY SCHOOL</u>	<u>TOTALS</u>
Assets			
Cash and Cash Equivalents	\$ 182,610	\$ 830,191	\$ 1,012,801
Accounts Receivable:			
State	2,973		2,973
Federal	153,138		153,138
Other	7,475	8,580	16,055
Interfunds Receivable		651,067	651,067
Prepaid Expenses		38,219	38,219
Inventories	20,079		20,079
	<u>366,275</u>	<u>1,528,057</u>	<u>1,894,332</u>
Total Current Assets			
Noncurrent Assets:			
Fixed Assets:			
Equipment	610,264	113,569	723,833
Accumulated Depreciation	<u>(393,254)</u>	<u>(108,960)</u>	<u>(502,215)</u>
	<u>217,010</u>	<u>4,609</u>	<u>221,618</u>
Total Noncurrent Assets			
Total Assets	\$ <u>583,284</u>	\$ <u>1,532,666</u>	\$ <u>2,115,950</u>
Liabilities			
Current Liabilities:			
Accounts Payable	\$ 54,991	\$ 15,157	\$ 70,148
Loan Payable	57,062		57,062
Deferred Revenue		611,820	611,820
Interfunds Payable	339,571		339,571
	<u>451,624</u>	<u>626,977</u>	<u>1,078,601</u>
Total Current Liabilities			
Noncurrent Liabilities:			
Loan Payable	59,298		59,298
Compensated Absences Payable	72,362	20,777	93,139
	<u>131,660</u>	<u>20,777</u>	<u>152,437</u>
Total Noncurrent Liabilities			
Total Liabilities	<u>583,284</u>	<u>647,753</u>	<u>1,231,037</u>
Net Assets			
Investment in Capital Assets			
Net of Related Debt	100,650	4,609	105,258
Unrestricted (Deficit)	<u>(100,650)</u>	<u>880,304</u>	<u>779,654</u>
Total Net Assets	<u>0</u>	<u>884,912</u>	<u>884,912</u>
Total Liabilities and Net Assets	\$ <u>583,284</u>	\$ <u>1,532,666</u>	\$ <u>2,115,950</u>

MORRIS BOARD OF EDUCATION
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET ASSETS
 ENTERPRISE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	FOOD SERVICE	COMMUNITY SCHOOL	TOTALS
Operating Revenues:			
Charges for Daily Services:			
Daily Sales - Reimbursable Programs:			
School Lunch/Breakfast Program	\$ 715,905	\$	\$ 715,905
Total - Daily Sales-Reimbursable Programs	715,905		715,905
Special Functions	82,107		82,107
Program Fees		1,524,873	1,524,873
Total Operating Revenues	798,012	1,524,873	2,322,886
Operating Expenses:			
Salaries	463,037	912,117	1,375,154
Employee Benefits	247,786	120,019	367,805
Purchased Professional Services	420,224	128,362	548,585
Other Purchased Services	12,240	60,174	72,414
Supplies and Materials	25,245	58,359	83,604
Depreciation	66,162	282	66,443
Rent		75,000	75,000
Other Expenses	56,054	155,184	211,238
Cost of Sales	714,539		714,539
Total Operating Expenses	2,005,286	1,509,497	3,514,783
Operating Income (Loss)	(1,207,274)	15,377	(1,191,897)
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	16,592		16,592
Federal Sources:			
National School Lunch Program	578,241		578,241
National School Breakfast Program	249,114		249,114
National School Snack Program	4,036		4,036
Food Distribution Program	79,028		79,028
Interest Revenue	589	2,402	2,991
Total Non-Operating Revenues	927,599	2,402	930,000
Nonoperating Expenses:			
Interest	(7,702)		(7,702)
Total Non-Operating Expenses	(7,702)		(7,702)
Income (Loss) Before Contributions and Transfers	(287,377)	17,779	(269,598)
Capital Contributions	26,485		26,485
Transfers In (Out)	260,892		260,892
Change in Net Assets	0	17,779	17,779
Total Net Assets Beginning		867,133	867,133
Total Net Assets Ending	\$ 0	\$ 884,912	\$ 884,912

MORRIS BOARD OF EDUCATION
 COMBINING STATEMENT OF CASH FLOWS
 ENTERPRISE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>FOOD SERVICE</u>	<u>COMMUNITY SCHOOL</u>	<u>TOTALS</u>
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 798,012	\$ 1,581,083	\$ 2,379,095
Cash Payments to Suppliers for Goods and Services	(1,405,497)	(799,616)	(2,205,113)
Cash Payments for Employee Benefits	(243,513)	(120,343)	(363,856)
Cash Payments to Employees for Services	<u>(463,037)</u>	<u>(911,835)</u>	<u>(1,374,872)</u>
Net Cash Provided by Operating Activities	<u>(1,314,035)</u>	<u>(250,711)</u>	<u>(1,564,746)</u>
Cash Flows from Non-Capital Financing Activities:			
Cash Received from State and Federal Sources	927,010		927,010
Operating Transfer/Capital Contributions - General Fund	<u>287,549</u>		<u>287,549</u>
Net Cash Provided by Non-Capital Financing Activities	<u>1,214,559</u>		<u>1,214,559</u>
Cash Flows from Capital And Related Financing Activities:			
Purchase Capital Assets	(26,485)	(4,778)	(31,263)
Principal Paid on Capital Debt	(52,840)		(52,840)
Interest Paid on Capital Debt	<u>(7,702)</u>		<u>(7,702)</u>
Net Cash Provided by Capital Financing Activities	<u>(87,027)</u>	<u>(4,778)</u>	<u>(91,805)</u>
Cash Flows from Investing Activities:			
Interest on Deposits	<u>589</u>	<u>2,402</u>	<u>2,991</u>
Net Cash Provided by Investing Activities	<u>589</u>	<u>2,402</u>	<u>2,991</u>
Net Increase in Cash and Cash Equivalents	(185,914)	(253,087)	(439,001)
Cash and Cash Equivalents at Beginning of Year	<u>368,524</u>	<u>1,083,278</u>	<u>1,451,802</u>
Cash and Cash Equivalents at End of Year	<u>\$ 182,610</u>	<u>\$ 830,191</u>	<u>\$ 1,012,801</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income/(Loss)	\$ (1,214,977)	\$ 15,377	\$ (1,199,600)
Adjustments to Reconcile Operating Income to Net cash Provided by Operating Income:			
Depreciation Expense	66,162	282	66,444
Changes in Assets and Liabilities			
(Increase) Decrease in Prepaid Expenses		3,864	3,864
(Increase) Decrease in Accounts Receivable - Net	10,961	3,991	14,952
(Increase) Decrease in Inventory	(2,005)		(2,005)
(Increase) Decrease in Interfunds Receivable		(291,546)	(291,546)
Increase (Decrease) in Compensated Absences	4,273	(324)	3,949
Increase (Decrease) in Accounts Payable	48,741	(34,573)	14,168
Increase (Decrease) in Deferred Revenue		52,219	52,219
Increase (Decrease) in Interfunds Payable	<u>(227,190)</u>		<u>(227,190)</u>
Net Cash Provided by Operating Activities	<u>\$ (1,314,035)</u>	<u>\$ (250,711)</u>	<u>\$ (1,564,746)</u>

FIDUCIARY FUNDS

SECTION - H

MORRIS SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 FOR YEAR ENDED JUNE 30,2012

	<u>TRUST FUND</u>		<u>AGENCY FUND</u>	
	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	<u>PRIVATE PURPOSE SCHOLARSHIP</u>	<u>STUDENT ACTIVITY</u>	<u>PAYROLL</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,609,761	\$ 119,912	\$ 174,050	\$ 1,528,515
Total Assets	\$ 1,609,761	\$ 119,912	\$ 174,050	\$ 1,528,515
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 82,869	\$	\$	\$
Payroll Deductions and Withholdings				1,528,515
Interfund Payable				
Due to Student Groups			174,050	
Total Liabilities	82,869		174,050	1,528,515
Net Assets:				
Held in trust for unemployment claims and other purposes	1,526,892			
Reserved for Scholarships		119,912		
Total Net Assets	1,526,892	119,912		
Total Liabilities and Net Assets	\$ 1,609,761	\$ 119,912	\$ 174,050	\$ 1,528,515

MORRIS SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>TRUST FUND</u>	
	<u>UNEMPLOYMENT COMPENSATION</u>	<u>PRIVATE PURPOSE SCHOLARSHIP</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 80,941	
Other	350,000	17,559
Total Contributions	<u>430,941</u>	<u>17,559</u>
Investment Earnings:		
Interest	141	238
Total investment earnings	<u>141</u>	<u>238</u>
Total Additions	<u>431,083</u>	<u>17,797</u>
DEDUCTIONS		
Unemployment Claims	201,672	
Scholarships Awarded		23,819
Total Deductions	<u>201,672</u>	<u>23,819</u>
Change in Net Assets	<u>229,410</u>	<u>(6,022)</u>
Net Assets - beginning of the year	<u>1,380,351</u>	<u>125,934</u>
Net Assets - end of the year	\$ <u>1,609,761</u> \$	<u>119,912</u>

MORRIS SCHOOL DISTRICT
 STUDENT ACTIVITY AGENCY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	BALANCE JUNE 30, 2011	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2012
<u>ELEMENTARY SCHOOLS:</u>				
Thomas Jefferson	\$ 2,787	\$ 6,296	\$ 5,636	\$ 3,447
Woodland	1,578	3,837	4,032	1,383
Sussex Ave.	222	7,166	7,105	283
Alfred Vail	17	6,323	6,326	14
Hillcrest	1,290	5,620	5,854	1,056
Normandy Park	249	6,603	6,685	167
Alexander Hamilton	1,281	5,492	5,366	1,407
Coins for a Cause	3	12,436	12,437	2
	<u>7,426</u>	<u>53,773</u>	<u>53,441</u>	<u>7,758</u>
Total Elementary Schools				
<u>MIDDLE SCHOOLS:</u>				
Frelinghuysen MS	34,666	75,817	73,999	36,484
<u>HIGH SCHOOLS:</u>				
Morristown High School	<u>135,158</u>	<u>204,209</u>	<u>209,559</u>	<u>129,808</u>
Total All Schools	\$ <u>177,250</u>	\$ <u>333,799</u>	\$ <u>336,999</u>	\$ <u>174,050</u>

MORRIS SCHOOL DISTRICT
 PAYROLL AGENCY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	BALANCE JUNE 30, 2011	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2012
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 107,845	\$ 65,205,745	\$ 63,785,075	\$ 1,528,515
Total Assets	\$ 107,845	\$ 65,205,745	\$ 63,785,075	\$ 1,528,515
<u>LIABILITIES</u>				
Payroll Deductions and Withholdings	\$ 106,556	\$ 65,205,745	63,783,786	\$ 1,528,515
Interfund Payable	1,289		1,289	
Total Liabilities	\$ 107,845	\$ 65,205,745	\$ 63,785,075	\$ 1,528,515

LONG-TERM DEBT

SECTION - I

MORRIS SCHOOL DISTRICT
 STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
 LONG-TERM DEBT
JUNE 30, 2012

PURPOSE	DATE OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL LEASE		INTEREST RATE	BALANCE	ADDITIONS	RETIRED	BALANCE
			PRINCIPAL	INTEREST		JUNE 30, 2011			JUNE 30, 2012
Various Equipment	9/23/2007	5 Years	374,500	28,423	3.79%	\$ 80,730	\$	\$ 80,730	\$
2 Trucks	3/1/2009	4 Years	51,751	3,187	3.95%	14,137		14,137	
2 Postage Machines	10/1/2010	5 Years	37,734	-		30,659		7,075	23,584
9 Copy Machines	11/1/2010	5 Years	84,196	11,924	3.95%	83,304		19,224	64,080
Various Equipment	9/1/2011	5 Years	105,825	13,939	4.97%		119,765	19,961	99,804
Various Equipment	11/1/2011	5 Years	17,077	2,884	6.31%		19,961	2,661	17,299
Total						<u>\$ 208,830</u>	<u>\$ 139,726</u>	<u>\$ 143,788</u>	<u>\$ 204,767</u>

MORRIS BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual (GAAP Basis)	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 917,488		\$ 917,488	\$ 917,488	
Interest on Deposits					
Total - Local Sources	<u>917,488</u>		<u>917,488</u>	<u>917,488</u>	
State Sources:					
Debt Service Aid - Type II	<u>197,295</u>		<u>197,295</u>	<u>197,295</u>	
Total - State Sources	<u>197,295</u>		<u>197,295</u>	<u>197,295</u>	
Total Revenues	<u><u>1,114,783</u></u>		<u><u>1,114,783</u></u>	<u><u>1,114,783</u></u>	
EXPENDITURES:					
Regular Debt Service:					
Interest Payments - Bonds	274,783		274,783	274,783	1
Redemption of Bond Principal	<u>840,000</u>		<u>840,000</u>	<u>840,000</u>	
Total Expenditures	<u>1,114,783</u>		<u>1,114,783</u>	<u>1,114,783</u>	1
Excess (Deficiency) of Revenues Over (Under) Expenditures				1	1
Fund Balances, July 1					
Fund Balances, June 30	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 1</u></u>

STATISTICAL SECTION

SECTION – J

Introduction to the Statistical Section

Financial Trends

Morris School District
 Net Assets by Component,
 Last Ten Fiscal Years
 Unaudited
 (accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 16,825,196	\$ 16,217,429	\$ 19,530,849	\$ 20,037,792	\$ 20,664,877	20,822,948	20,238,650	22,464,228	23,540,438	27,001,462
Restricted	4,150,296	7,615,216	5,083,396	6,617,095	6,645,285	9,738,707	9,733,392	14,680,063	14,276,096	16,999,113
Unrestricted	(2,113,278)	(3,139,295)	(819,853)	(402,533)	158,909	(1,341,431)	1,354,327	(4,777,120)	41,629	1,344,484
Total governmental activities net assets	\$ 18,862,214	\$ 20,693,350	\$ 23,794,392	\$ 26,252,354	\$ 27,469,071	\$ 29,220,224	\$ 31,326,369	\$ 32,367,171	\$ 37,858,163	\$ 45,345,059
Business-type activities										
Invested in capital assets, net of related debt	\$ 17,102	\$ 17,446	\$ 11,048	\$ 9,897	\$ 22,904	22,831	18,207	65,338	87,599	105,258
Unrestricted	819,987	299,429	174,906	225,740	377,584	404,810	605,358	637,792	779,534	779,654
Total business-type activities net assets	\$ 837,089	\$ 316,875	\$ 185,954	\$ 235,637	\$ 400,488	\$ 427,641	\$ 623,565	\$ 703,130	\$ 867,133	\$ 884,912
District-wide										
Invested in capital assets, net of related debt	\$ 16,842,298	\$ 16,234,875	\$ 19,541,897	\$ 20,047,689	\$ 20,687,781	20,845,779	20,256,857	22,529,566	23,628,037	27,106,720
Restricted	4,150,296	7,615,216	5,083,396	6,617,095	6,645,285	9,738,707	9,733,392	14,680,063	14,276,096	16,999,113
Unrestricted	(1,293,291)	(2,839,866)	(644,947)	(176,793)	536,493	(936,621)	1,959,685	(4,139,328)	821,163	2,124,138
Total district net assets	\$ 19,699,303	\$ 21,010,225	\$ 23,980,346	\$ 26,487,991	\$ 27,869,559	\$ 29,647,865	\$ 31,949,934	\$ 33,070,301	\$ 38,725,296	\$ 46,229,971

Source: CAFR Schedule A-1

Morris School District
Changes in Net Assets, Last Ten Fiscal Years
Unaudited
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities										
Instruction										
Regular	\$ 24,410,293	\$ 24,507,465	\$ 23,765,199	\$ 24,204,415	\$ 24,559,670	\$ 25,220,172	\$ 27,669,918	\$ 29,354,756	\$ 27,466,369	\$ 26,641,131
Special education	4,941,814	5,156,373	7,670,770	9,822,033	9,387,568	8,676,992	7,986,210	6,002,654	7,505,971	7,405,658
Other special education	1,461,757	2,002,892	2,204,887	2,192,694	2,476,855	2,458,168	3,107,969	2,068,521	1,622,266	1,808,002
Other instruction	1,460,587	1,622,569	1,645,306	1,582,155	1,584,256	1,596,919	1,617,064	1,516,716	1,372,398	1,282,083
Support Services:										
Tuition	3,936,066	4,093,302	4,244,693	4,605,255	5,384,802	5,698,645	5,514,189	5,104,929	5,491,794	5,661,436
Student & instruction related services	9,526,768	10,356,641	10,973,597	10,707,864	11,225,989	12,616,202	12,961,905	14,675,746	13,531,382	13,271,969
General administrative services	2,616,820	2,987,938	2,412,759	2,248,851	2,196,166	2,488,132	2,587,283	2,685,799	2,378,544	3,165,353
School administrative services	2,687,465	2,706,397	2,457,110	2,529,657	2,648,908	2,615,342	2,677,054	3,104,689	3,049,380	2,719,314
Unallocated Benefits	11,538,527	13,776,311	15,288,355	16,475,236	20,151,987	21,608,662	17,215,619	18,659,036	19,616,582	20,179,876
Plant operations and maintenance	6,254,412	6,511,935	6,832,079	7,862,410	8,257,745	8,492,806	8,749,248	7,860,570	7,350,373	7,249,905
Pupil transportation	5,221,545	5,071,920	5,137,622	5,709,950	6,010,028	6,157,085	6,296,923	6,282,479	5,763,837	5,774,002
Special Schools	72,955	88,364	111,801	41,125	47,406	85,496	91,661	97,606		
Interest on long-term debt	579,560	511,964	486,835	453,079	425,164	390,200	357,498	332,919	297,021	265,992
Unallocated depreciation	789,400	1,894,927	428,639	420,547	374,418	151,214	68,370	163,927	175,886	149,010
Total governmental activities expenses	75,497,969	81,288,998	83,659,652	88,855,271	94,730,962	98,256,035	96,900,911	97,910,347	95,621,803	95,573,731
Business-type activities:										
Food service	1,499,438	1,531,896	1,632,595	1,664,515	1,686,480	1,813,075	1,802,512	1,844,712	1,802,122	2,012,988
Community School	1,088,713	1,178,194	1,312,684	1,241,852	1,207,686	1,339,867	1,365,231	1,422,863	1,420,350	1,509,497
Total business-type activities expense	2,588,151	2,710,090	2,945,279	2,906,367	2,894,166	3,152,942	3,167,743	3,267,575	3,222,472	3,522,485
Total district expenses	\$ 78,086,120	\$ 83,999,088	\$ 86,604,931	\$ 91,761,638.00	\$ 97,625,128.00	\$ 101,408,977.00	\$ 100,068,654	\$ 101,177,922	\$ 98,844,275	\$ 99,096,216
Program Revenues										
Governmental activities:										
Charges for services:										
Business and other support services										
Operating grants and contributions	4,329,713	5,145,597	5,400,846	6,172,115	8,747,735	8,782,715	5,661,060	5,874,425	5,895,285	6,931,352
Total governmental activities program revenues	4,329,713	5,145,597	5,400,846	6,172,115	8,747,735	8,782,715	5,661,060	5,874,425	5,895,285	6,931,352
Business-type activities:										
Charges for services										
Food service	888,937	895,033	861,141	920,607	867,828	872,612	885,542	888,683	862,559	798,012
Community School	1,178,864	1,157,342	1,174,229	1,270,584	1,362,389	1,388,247	1,532,706	1,510,954	1,579,978	1,524,873
Operating grants and contributions	401,451	399,082	534,873	576,802	586,800	631,366	684,504	782,515	860,749	953,495
Total business type activities program revenues	2,469,252	2,451,457	2,570,243	2,767,993	2,817,017	2,892,225	3,102,752	3,182,152	3,303,286	3,276,380
Total district program revenues	\$ 6,798,965	\$ 7,597,054	\$ 7,971,089	\$ 8,940,108	\$ 11,564,752	\$ 11,674,940	\$ 8,763,812	\$ 9,056,577	\$ 9,198,571	\$ 10,207,732
Net (Expense)/Revenue										
Governmental activities	\$ (71,168,256)	\$ (76,143,401)	\$ (78,258,806)	\$ (82,683,156)	\$ (85,983,227)	\$ (89,473,320)	\$ (91,239,851)	\$ (92,035,922)	\$ (89,726,518)	\$ (88,642,379)
Business-type activities	(118,899)	(258,633)	(375,036)	(138,374)	(77,149)	(260,717)	(64,991)	(85,423)	80,814	(246,105)
Total district-wide net expense	\$ (71,287,155)	\$ (76,402,034)	\$ (78,633,842)	\$ (82,821,530)	\$ (86,060,376)	\$ (89,734,037)	\$ (91,304,842)	\$ (92,121,345)	\$ (89,645,704)	\$ (88,888,484)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net										
Taxes levied for debt service	\$ 58,520,444	\$ 63,993,255	\$ 65,764,055	\$ 69,830,142	\$ 71,829,348	74,593,144	77,058,100	76,445,575	79,468,289	80,807,655
Unrestricted grants and contributions	1,032,947	1,045,862	900,938	1,013,919	1,005,812	980,932	940,370	902,895	940,450	917,488
Payments in lieu of taxes (tuition)	9,029,700	10,163,557	11,580,668	11,268,379	10,897,897	11,591,539	12,318,799	10,635,779	9,733,264	10,512,791
Investment earnings	2,673,360	3,139,602	3,308,645	3,096,222	3,235,339	3,730,351	3,166,688	5,249,858	4,625,182	4,473,185
Miscellaneous income	127,324	149,303	147,163	255,578	644,283	699,381	603,444	211,478	18,786	500,381
Transfers	2,802,514	882,982	270,563	187,958	186,695	247,454	273,292	140,252	185,681	122,903
Miscellaneous income	(536,667)	(1,400,024)	(612,177)	(511,084)	(599,429)	(618,328)	(828,832)	(694,982)	(675,523)	(1,205,128)
Total governmental activities	73,649,622	77,974,537	81,359,855	85,141,114	87,199,945	91,224,473	93,531,861	92,890,855	94,296,129	96,129,275
Business-type activities:										
Investment earnings	7,435	6,366	8,279	17,996	11,181	44,187	34,219	13,120	5,414	2,992
Miscellaneous earnings	1,964	944	4,135							
Transfers	209,566	236,405	231,701	170,062	230,821	298,020	226,695	151,868	77,774	260,892
Total business-type activities	218,965	243,715	244,115	188,058	242,002	342,207	260,914	164,988	83,188	263,884
Total district-wide	\$ 73,868,587	\$ 78,218,252	\$ 81,603,970	\$ 85,329,172	\$ 87,441,947	\$ 91,566,680	\$ 93,792,775	\$ 93,055,843	\$ 94,379,317	\$ 96,393,159
Change in Net Assets										
Governmental activities	\$ 2,481,366	\$ 1,831,136	\$ 3,101,049	\$ 2,457,958	\$ 1,216,718	\$ 1,751,153	\$ 2,292,010	\$ 854,933	\$ 4,569,611	\$ 7,486,896
Business-type activities	100,066	(14,918)	(130,921)	49,684	164,853	81,490	195,923	79,565	164,003	17,779
Total district	\$ 2,581,432	\$ 1,816,218	\$ 2,970,128	\$ 2,507,642	\$ 1,381,571	\$ 1,832,643	\$ 2,487,933	\$ 934,498	\$ 4,733,614	\$ 7,504,675

Source: CAFR Schedule A-2

Morris School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited
(modified accrual basis of accounting)

Exhibit J-3

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Restricted	\$ 3,839,566	\$ 7,002,479	\$ 7,176,059	\$ 9,497,780	\$ 11,238,236	\$ 12,793,190	\$ 12,235,395	\$ 13,859,734	\$ 11,397,332	\$ 16,999,112
Committed									\$ 332,766	\$ 332,766
Assigned									2,944,943	2,773,059
Unassigned	3,174,384	2,584,547	1,531,954	1,253,882	1,299,779	1,664,586	4,635,012	1,390,399	1,520,217	1,266,338
Total general fund	<u>\$ 7,013,950</u>	<u>\$ 9,587,026</u>	<u>\$ 8,708,013</u>	<u>\$ 10,751,662</u>	<u>\$ 12,538,015</u>	<u>\$ 14,457,776</u>	<u>\$ 16,870,407</u>	<u>\$ 15,250,133</u>	<u>\$ 15,862,492</u>	<u>\$ 21,371,275</u>
All Other Governmental Funds										
Reserved	\$ 159,850	\$ 157,480	\$ 700,011	\$ 663,748	\$ 185,194	\$ 260,684	\$	\$ 113,618	\$	\$
Committed										\$ 1,330,575
Unassigned, reported in:										
Special revenue fund	(61,502)	(51,437)	(51,437)	(51,437)	(51,437)	(51,422)				
Capital projects fund	140,151	282,925	93,388	60,606	292,663	28,305	238,989	250,511		
Debt service fund	10,729	172,331	7,692	14,987	15,212	39,993	28,393			
Total all other governmental funds	<u>\$ 249,228</u>	<u>\$ 561,299</u>	<u>\$ 749,654</u>	<u>\$ 687,904</u>	<u>\$ 441,632</u>	<u>\$ 277,560</u>	<u>\$ 267,382</u>	<u>\$ 364,129</u>	<u>\$ -</u>	<u>\$ 1,330,576</u>

Morris School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited

Exhibit J-4

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues											
Tax levy	\$ 54,164,916	\$ 59,553,391	\$ 65,039,117	\$ 66,664,993	\$ 70,844,061	\$ 72,835,160	\$ 75,574,076	\$ 77,998,470	\$ 77,348,470	\$ 80,408,739	\$ 81,725,143
Tuition charges	2,032,729	2,673,360	3,139,602	3,308,645	3,096,222	3,235,339	3,730,351	4,118,787	5,052,922	4,625,182	4,473,185
Miscellaneous	953,168	3,096,494	745,973	329,432	443,536	830,978	847,412	918,943	351,730	220,454	293,398
Local sources	124,178	335,401	153,262	88,294	179,330	90,476	96,423	99,542	653,533	249,463	206,983
State sources	10,054,848	11,699,422	13,875,076	15,468,439	14,881,032	17,365,684	18,131,511	15,103,676	13,021,649	11,952,227	14,471,467
Federal sources	1,948,434	1,661,595	1,434,078	1,513,075	2,380,132	2,189,472	2,245,743	2,066,743	3,031,958	3,426,859	2,972,676
Total revenue	69,278,273	79,019,663	84,387,108	87,372,878	91,824,313	96,547,109	100,625,516	100,306,161	99,460,262	100,882,924	104,142,852
Expenditures											
Instruction											
Regular Instruction	21,476,145	23,626,288	24,159,074	23,182,992	23,193,579	23,504,145	24,182,626	26,177,155	28,013,564	26,595,502	25,575,527
Special education instruction	3,885,124	4,915,126	5,060,264	7,723,001	9,867,695	9,320,814	8,655,795	7,871,986	6,033,270	7,437,821	7,405,658
Other special instruction	1,875,784	1,452,636	2,009,895	2,177,480	2,204,969	2,452,409	2,447,892	3,038,265	2,259,620	1,648,646	1,808,002
Other instruction	1,386,708	1,459,197	1,578,483	1,682,228	1,555,645	1,584,267	1,595,299	1,632,232	1,510,789	1,398,293	1,282,083
Support Services:											
Tuition	3,598,904	3,936,066	4,093,302	4,244,693	4,605,255	5,384,802	5,698,645	5,514,189	5,104,929	5,491,794	5,661,436
Student & instruction related services	5,523,519	9,481,900	10,308,458	10,906,853	10,668,350	11,160,478	12,659,100	12,894,528	15,462,628	13,555,244	13,271,969
Other administrative services	4,219,203	2,604,032	2,891,627	2,816,304	2,395,835	2,209,072	2,457,672	2,678,674	3,042,325	2,403,057	3,165,353
School Administrative services	2,316,850	2,665,364	2,696,181	2,533,227	2,548,758	2,602,064	2,597,384	2,688,528	2,737,770	3,051,208	2,719,314
Plant operations and maintenance	4,647,856	6,238,399	6,306,821	6,999,023	7,952,794	8,137,969	8,714,501	8,271,667	7,819,622	7,292,802	7,249,905
Pupil transportation	4,955,403	5,218,292	5,075,695	5,129,767	5,758,595	5,981,581	6,149,953	6,296,899	6,276,228	5,755,818	5,774,002
Unallocated employee benefits	11,598,021	11,742,535	13,776,311	14,963,637	16,475,236	20,133,755	21,575,931	17,685,893	18,639,109	19,616,582	19,975,591
Special Schools	22,625	72,955	88,364	111,801	41,125	47,406	85,496	91,661	97,606		
Capital outlay	4,045,306	1,155,778	1,251,305	3,709,293	-	1,484,407	477,242	1,362,008	2,125,502	1,826,848	4,096,409
Debt service:											
Principal	650,000	680,000	630,000	795,000	815,000	820,000	855,000	820,000	830,000	835,000	840,000
Interest and other charges	685,359	621,359	508,135	493,908	457,176	429,358	347,554	365,595	335,845	305,645	274,783
Total expenditures	70,886,807	75,869,927	80,433,915	87,469,207	88,540,012	95,252,527	98,500,090	97,389,280	100,288,807	97,214,260	99,100,032
Excess (Deficiency) of revenues over (under) expenditures	(1,608,534)	3,149,736	3,953,193	(96,329)	3,284,301	1,294,582	2,125,426	2,916,881	(828,545)	3,668,664	5,042,820
Other Financing sources (uses)											
Transfers in				2,362,220	369,100	523,629	402,923	54,938	1,046,159	3,405,026	1,802,239
Transfers out	(566,751)	(1,040,328)	(1,068,047)	(2,956,550)	(879,960)	(463,320)	(587,469)	(755,233)	(1,741,141)	(3,946,696)	(2,884,466)
Total other financing sources (uses)	(566,751)	(1,040,328)	(1,068,047)	(594,330)	(510,860)	60,309	(184,546)	(700,295)	(694,982)	(541,670)	(1,082,227)
Net change in fund balances	\$ (2,175,285)	\$ 2,109,408	\$ 2,885,146	\$ (690,659)	\$ 2,773,441	\$ 1,354,891	\$ 1,940,880	\$ 2,216,586	\$ (1,523,527)	\$ 3,126,994	\$ 3,960,594
Debt service as a percentage of noncapital expenditures	2.0%	1.7%	1.4%	1.5%	1.4%	1.3%	1.2%	1.2%	1.2%	1.2%	1.2%

MORRIS SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J - 5

Fiscal Year Ended June 30,	Interest on Investments	Sale of Building	E-Rate	Rentals	Misc.	Total
2003	\$ 117,699	\$ 2,389,889	\$ 40,834	\$ 34,786		\$ 2,583,208
2004	119,091			93,026	36,917	249,034
2005	147,163			105,107	69,472	321,742
2006	274,249			88,647	79,610	442,506
2007	643,833		17,642	74,573	94,705	830,753
2008	687,822			88,426	59,605	835,853
2009	603,444			119,460	196,037	918,941
2010	211,478			126,316	13,937	351,730
2011	80,013			116,341	24,101	220,454
2012	45,344			121,609	97,911	264,864

Source: District Records

Revenue Capacity

Morris School District
 Assessed Value and Actual Value of Taxable Property,
 Last Ten Fiscal Years
Unaudited

Exhibit J-6

N/A - information not available

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities *	Net Valuation Taxable	Total General Tax Rate ^b	Estimated Actual (County Equalized Value)
2003	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5,175,097,853	2.420	5,935,061,110
2004	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6,037,850,850	2.110	6,303,963,366
2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6,056,960,432	2.150	6,842,544,533
2006	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6,035,307,304	2.309	7,505,513,610
2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6,033,456,642	2.391	8,244,697,723
2008	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6,019,300,992		19,261,697	6,038,562,689	2.480	8,598,168,204
2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5,985,063,692		19,374,439	6,004,438,131	2.531	8,544,575,941
2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6,003,022,592		17,914,894	6,020,937,486	2.454	9,207,157,783
2011	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5,952,192,162		18,375,853	5,970,568,015	2.507	8,556,080,360
2012	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5,926,563,062		17,941,508	5,944,504,570	2.524	8,283,785,483

Source(s): District Records, Tax List Summary & Municipal Tax Assessor.

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

Morris School District
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (rate per \$100 of assessed value)
 Unaudited

Fiscal Year Ended June 30,	Morris School District		Total DirectScho ol Tax Rate	Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b		Municipal	Morris County	
	Morris Township					
2003	1.115	0.021	1.136	0.421	0.313	1.870
2004	1.205	0.017	1.222	0.494	0.314	2.030
2005	1.201	0.017	1.218	0.514	0.323	2.055
2006	1.257	0.017	1.274	0.525	0.331	2.130
2007	1.307	0.017	1.324	0.537	0.353	2.214
2008	1.353	0.017	1.370	0.554	0.034	1.958
2009	1.334	0.016	1.510	n/a	n/a	n/a
2010	1.339	0.016	1.355	n/a	n/a	n/a
2011	1.339	0.016	1.355	n/a	n/a	n/a
2012	1.431	0.017	1.448	0.63	0.362	2.440
	Morristown					
2003	1.263	0.021	1.284	1.361	0.375	3.020
2004	0.876	0.012	0.888	0.888	0.254	2.030
2005	0.919	0.013	0.932	0.922	0.266	2.120
2006	1.022	0.013	1.035	0.933	0.272	2.240
2007	1.053	0.014	1.067	0.934	0.279	2.280
2008	1.096	0.014	1.110	n/a	n/a	n/a
2009	1.165	0.014	0.014	n/a	n/a	n/a
2010	1.230	0.015	1.244	n/a	n/a	n/a
2011	1.230	0.014	1.244	n/a	n/a	n/a
2012	1.228	0.014	1.242	1.077	0.289	2.608

Source: District Records and Municipal Tax Collector

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.

Morris School District
Principal Property Tax Payers,
Current Year and Ten Years Ago
Unaudited

Exhibit J-8

Taxpayer	2012			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Morris Township						
Atlantic Financial				\$ 79,211,000		2.01%
Honeywell/Allied Signal Corporation	\$ 64,900,000		1.09%	91,100,000		2.31%
Colgate Palmolive				33,401,900		0.85%
Apprise						
44 Whippany Rd./Rexcore	22,500,000		0.38%			
Mount Blanc Associates				33,135,800		0.84%
JCP&L	21,000,000		0.35%	35,864,700		0.91%
Kemble Associates				66,027,900		1.68%
AJ Morris Corp. c/o AT&T	40,843,800		0.69%			
Advanced at Southgate	30,000,000		0.50%	89,378,500		2.27%
Brickman Mt. Kemble	27,000,000		0.45%			
Columbia Assoc./Advance Realty	19,205,000		0.32%	31,903,100		0.81%
Metropolitan Life Insurance				39,328,200		1.00%
Madison Hotel						
Schindler Elevator	18,704,000		0.31%			
Madison Motown/Crum&Foster	21,535,200		0.36%			
Morristown Realty				31,122,000		0.79%
Mack-Cali Realty Group	48,524,300		0.82%			
Morristown						
Rosewood Lafayette Commons	26,474,000		0.45%			
Parsons Village	27,300,000		0.46%	17,049,800		1.36%
5th Roc Jersey Assoc				16,000,000		1.28%
4th Roc Jersey Assoc				22,005,000		1.76%
Verizon				17,856,635		1.43%
3rd Roc Jersey Assoc				17,000,000		1.36%
Kadima Medical Properties	23,900,000		0.40%			
AMLG-TTG on the Plaza LLC	20,160,800		0.34%			
Memorial Investment/AHS Invest	19,574,400		0.33%			
2nd Roc Jersey Assoc/North	18,115,200		0.30%			
HCPH Medical Office Bldg				17,547,000		1.40%
1776 On the Green				19,080,000		1.53%
LF Associates				17,000,000		1.36%
Morristown Green LLC				15,121,904		1.21%
Chancery Square				13,227,400		1.06%
Morr. Med. Investors	16,950,000					
Total	\$ 466,686,700		7.57%	\$ 702,360,839		27.22%

Source(s): Municipal Tax Assessor, Abstract of Ratables.

See Exhibit J-6 District Combied Taxable Value.

Morris School District
Property Tax Levies and Collections,
Last Ten Fiscal Years
Unaudited

Exhibit J-9

Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
Morris Township			
2003	42,781,923	42,781,923	100.00%
2004	45,995,062	45,995,062	100.00%
2005	46,394,018	46,394,018	100.00%
2006	48,287,287	48,287,287	100.00%
2007	49,086,585	49,086,585	100.00%
2008	51,623,100	51,623,100	100.00%
2009	51,547,261	51,547,261	100.00%
2010	49,600,376	49,600,376	100.00%
2011	52,185,620	52,185,620	100.00%
2012	53,431,898	53,431,898	100.00%
Morristown			
2003	16,771,468	16,771,468	100.00%
2004	19,044,055	19,044,055	100.00%
2005	20,270,974	20,270,974	100.00%
2006	22,556,774	22,556,774	100.00%
2007	23,748,575	23,748,575	100.00%
2008	23,950,976	23,950,976	100.00%
2009	26,451,209	26,451,209	100.00%
2010	26,845,199	26,845,199	100.00%
2011	28,223,119	28,223,119	100.00%
2012	28,293,245	28,293,245	100.00%

Note: 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, on the amount voted upon or certified prior to the end of the school year.

Debt Capacity

Morris School District
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
Morris Township								
2003	9,237,586	-	-	-	-	9,237,586	0.77%	433
2004	9,046,629	-	-	-	-	9,046,629	0.76%	424
2005	7,689,920	-	-	-	-	7,689,920	0.31%	360
2006	7,078,416	-	-	-	-	7,078,416	0.53%	331
2007	6,519,504	-	378,499	-	-	6,898,003	0.49%	305
2008	5,806,350	-	489,742	-	-	6,296,092	1.14%	289
2009	5,075,482	-	341,885	-	-	5,417,367	n/a	249
2010	4,526,960	-	202,290	-	-	4,729,250	n/a	217
2011	3,902,728	-	135,496	-	-	4,038,223	n/a	n/a
2012	3,358,575	-	132,894	-	-	3,491,469	n/a	n/a
Morristown								
2003	3,387,414	-	-	-	-	3,387,414	0.32%	180
2004	2,948,371	-	-	-	-	2,948,371	0.28%	157
2005	3,510,080	-	-	-	-	3,510,080	0.32%	186
2006	3,306,584	-	-	-	-	3,306,584	0.28%	176
2007	3,045,496	-	176,810	-	-	3,222,306	0.26%	161
2008	2,693,650	-	227,198	-	-	2,920,848	2.46%	158
2009	2,604,518	-	175,440	-	-	2,779,959	n/a	150
2010	2,323,040	-	103,806	-	-	2,426,846	n/a	131
2011	2,112,272	-	73,334	-	-	2,185,607	n/a	n/a
2012	1,816,425	-	71,873	-	-	1,888,298	n/a	n/a

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Source: District CAFR Schedules I-1, I-2

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.

Morris School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Exhibit J-11

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2003	12,625,000	-	12,625,000	0.24%	226
2004	11,995,000	-	11,995,000	0.20%	199
2005	11,200,000	-	11,200,000	0.18%	179
2006	10,385,000	-	10,385,000	0.17%	166
2007	9,565,000	-	9,565,000	0.16%	133
2008	8,500,000	-	8,500,000	0.14%	115
2009	7,680,000	-	7,680,000	0.13%	114
2010	6,850,000	-	6,850,000	0.11%	98
2011	6,015,000	-	6,015,000	0.10%	83
2012	5,175,000	-	5,175,000	0.09%	n/a

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.

b Per Capita data can be found in Exhibit J-14.

Morris School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2012
Unaudited

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Morristown Town	39,673,439	100%	39,673,439
Morris Township	22,548,135	100%	22,548,135
Other debt			
Morris County - Morristown	266,302,360	3.007%	8,006,940
Morris County - Morristownship	266,302,360	5.719%	<u>15,230,524</u>
Subtotal, overlapping debt			85,459,038
Morris School District Direct Debt			
Morristown			1,816,425
Morris Township			<u>3,358,575</u>
Total direct and overlapping debt			<u>\$ 90,634,038</u>

Sources: Morristown Town
Morris Township

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Morristown and Morris Township. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

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

Morris School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years
 Unaudited

Exhibit J-13

Year	Morris Twsp Equal Valuation	Morristown Equal Valuation
2011	\$5,607,908,839	2,948,171,521
2010	\$5,844,191,423	3,163,050,245
2009	\$5,917,872,903	3,188,976,265

Legal Debt Margin Calculation for Fiscal Year 2011

Total Equalized valuation basis	
2011	\$3,556,080,360
2010	9,007,241,668
2009	9,106,849,168
[A]	<u>\$ 26,670,171,196</u>

Average equalized valuation of taxable property	[A/3]	\$ 8,890,057,065
Debt limit (3 % of average equalization value)	[B]	266,701,712 ^a
Net bonded school debt	[C]	5,175,000
Legal debt margin	[B-C]	<u>\$ 261,526,712</u>

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 213,166,292	\$ 238,062,382	\$ 254,914,043	\$ 206,812,841	\$ 224,832,408	\$ 233,540,606	\$ 249,394,409	\$ 259,338,469	\$ 271,020,708	\$ 266,701,712
Total net debt applicable to limit	<u>12,625,000</u>	<u>11,995,000</u>	<u>11,200,000</u>	<u>10,385,000</u>	<u>9,565,000</u>	<u>8,500,000</u>	<u>7,680,000</u>	<u>6,850,000</u>	<u>6,015,000</u>	<u>5,175,000</u>
Legal debt margin	<u>\$ 200,541,292</u>	<u>\$ 226,067,382</u>	<u>\$ 243,714,043</u>	<u>\$ 196,427,841</u>	<u>\$ 215,267,408</u>	<u>\$ 225,040,606</u>	<u>\$ 241,714,409</u>	<u>\$ 252,488,469</u>	<u>\$ 265,005,708</u>	<u>\$ 261,526,712</u>
Total net debt applicable to the limit as a percentage of debt limit	5.92%	5.04%	4.39%	5.02%	4.25%	3.64%	3.08%	2.64%	2.22%	1.94%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

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

Demographic and Economic Information

Morris School district
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Exhibit J-14

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
Morris Twp				
2002	21,332	1,190,112,280	55,790	3.5%
2003	21,339	1,197,736,731	56,129	3.5%
2004	21,379	1,287,849,581	60,239	2.8%
2005	21,404	1,339,526,532	62,583	3.2%
2006	21,374	1,337,649,042	62,583	3.3%
2007	21,103	1,513,359,439	71,713	3.3%
2008	21,242	1,572,439,050	74,025	4.0%
2009	21,796	1,473,714,744	67,614	6.8%
2010	22,306	1,557,204,166	69,811	9.2%
2011	22,424	1,627,578,768	72,582	9.1%
Morristown				
2002	18,852	1,051,753,080	55,790	6.4%
2003	18,833	1,057,077,457	56,129	6.3%
2004	18,843	1,135,083,477	60,239	5.1%
2005	18,832	1,178,563,056	62,583	3.3%
2006	18,922	1,184,195,526	62,583	3.4%
2007	19,122	1,371,295,986	71,713	3.4%
2008	19,268	1,426,313,700	74,025	4.1%
2009	19,268	1,302,786,552	67,614	7.0%
2010	18,411	1,285,290,321	69,811	9.2%
2011	18,510	1,343,492,820	72,582	9.1%

Source:

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

^b Personal income has been estimated based upon population and per capita personal income

^c Per Capita income provided by US Dept of Commerce, Bureau of Economic Analysis

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

Morris School District
Schedule of Principal Employers,
Current Year and Ten Years Ago
Unaudited

Exhibit J-15

Employer	2010			2001		
	Approximate Number of Employees	Rank (Optional)	Percentage of Total Employment	Approximate Number of Employees	Rank (Optional)	Percentage of Total Employment
Morris Township						
Morris School District	1,100			850	5	9.87%
Morristown Realty/Atlantic Health	1,000					
Colgate/Palmolive	1,000			340	10	3.95%
Honeywell	1,200			1,550	2	18.00%
Kemble Plaza/Mack-Cali	900					
JCP&L	900					
Madison/ Crum & Foster	600			460	7	5.34%
Bayer	450			375	8	4.35%
Brickman @ Mount Kemble	400					0.00%
Schindler Elevator	350					
Lucent Technologies				867	4	10.07%
Telacordia				565	6	6.56%
A.J. Morris/AT&T Lease				1,750	1	20.32%
UPS				1,500	3	17.42%
GPU Energy				356	9	4.12%
	<u>7,900</u>		<u>0.00%</u>	<u>8,613</u>		<u>100.00%</u>
Morristown						
	n/a	n/a	n/a	n/a	n/a	n/a

n/a - information not available for audit period

Source: Morris Township

Operating Information

Morris School District
 Full-time Equivalent District Employees by Function/Program,
 Last Ten Fiscal Years
Unaudited

Exhibit J-16

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction		N/A								
Regular	338	-	346	351	338	478	489	464	326	318
Special education	35	-	71	71	72	58	56	102	99	95
Other special education	-	-	-	-	-	28	26	25	23	24
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	32	31	32	3	3
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	93	93	146	148	149	70	88	36	154	164
General administrative services	1	1	1	2	7	22	22	21	2	2
School administrative services	70	70	76	82	77	46	53	51	35	35
Business administrative services	1	1	1	1	1	1	1	1	19	19
Plant operations and maintenance	87	87	89	75	75	85	79	82	86	85
Pupil transportation	37	37	34	34	34	14	23	13	26	24
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	49	49	42	41	41	44	44	33	29	28
Total	711	338	806	805	794	878	912	860	801	796

Source: District Personnel Records

N/A: Information not available

Morris School District
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2002	4,701	70,950,672	15,093	7.15%	518	9.5:1	9.0:1	11.9:1	4,540	4,321	0.62%	95.18%
2003	4,790	72,100,280	15,052	-0.27%	496	10.7:1	12.5:1	11.8:1	4,610	4,378	1.54%	94.97%
2004	4,766	77,600,051	16,282	8.17%	509	10.6:1	12.0:1	11.8:1	4,631	4,417	0.46%	95.38%
2005	4,749	82,196,515	17,308	6.30%	518	10.2:1	11.7:1	11.4:1	4,613	4,407	-0.39%	95.53%
2006	4,733	83,162,400	17,571	1.52%	530	10.:1	11.4:1	11.2:1	4,621	4,416	0.17%	95.56%
2007	4,739	92,518,762	19,523	11.11%	528	10.1:1	11.3:1	11.3:1	4,627	4,421	0.13%	95.55%
2008	4,694	96,820,294	20,626	5.65%	534	10.:1	10.0:8	11.0:2	4,667	4,463	0.86%	95.63%
2009	4,794	94,371,403	19,685	-4.56%	538	8.9:1	9.7:1	10.8:1	4,750	4,533	1.78%	95.43%
2010	4,841	98,163,305	20,511	-0.56%	505	8.9:1	9.7:1	10.8:1	4,796	4,584	0.97%	95.58%
2011	4,940	90,587,820	18,388	-10.85%	518	8.9:1	9.7:1	10.8:1	4,892	4,686	2.01%	95.78%
2012	4,986	90,779,829	n/a	#VALUE!	517	8.9:1	9.7:1	10.8:1	4,927	4,719	3.73%	95.78%

Sources: District records, ASSA and Schedules J-12, J-14

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).

Morris School District
School Building Information
Last Ten Fiscal Years
Unaudited

Exhibit J-18

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
District Building										
Early Learning Center										
Early Learning Center										
Square Feet	35,277	35,277	35,277	35,277	35,277	35,277	35,277	35,277	35,277	35,277
Capacity (students)	74	74	74	74	74	74	74	74	74	74
Enrollment										
Elementary										
Alexander Hamilton (1933)										
Square Feet	90,078	90,078	90,078	90,078	90,078	90,078	90,078	90,078	90,078	90,078
Capacity (students)	652	652	652	652	652	652	652	652	652	652
Enrollment										
Alfred Vail (1930)										
Square Feet	119,628	119,628	119,628	119,628	119,628	119,628	119,628	119,628	119,628	119,628
Capacity (students)	859	859	859	859	859	859	859	859	859	859
Enrollment *										
Hillcrest (1956)										
Square Feet	80,116	80,116	80,116	80,116	80,116	80,116	80,116	80,116	80,116	80,116
Capacity (students)	574	574	574	574	574	574	574	574	574	574
Enrollment										
Normandy Park (1964)										
Square Feet	75,438	75,438	75,438	75,438	75,438	75,438	75,438	75,438	75,438	75,438
Capacity (students)	547	547	547	547	547	547	547	547	547	547
Enrollment										
Sussex Ave. (1954)										
Square Feet	83,119	83,119	83,119	83,119	83,119	83,119	83,119	83,119	83,119	83,119
Capacity (students)	596	596	596	596	596	596	596	596	596	596
Enrollment										
Thomas Jefferson (1958)										
Square Feet	75,726	75,726	75,726	75,726	75,726	75,726	75,726	75,726	75,726	75,726
Capacity (students)	531	531	531	531	531	531	531	531	531	531
Enrollment										
Woodland Ave (1967)										
Square Feet	72,234	72,234	72,234	72,234	72,234	72,234	72,234	72,234	72,234	72,234
Capacity (students)	518	518	518	518	518	518	518	518	518	518
Enrollment										
Middle School										
Frelinghuysen (1965)										
Square Feet	227,837	227,837	227,837	227,837	227,837	227,837	227,837	227,837	227,837	227,837
Capacity (students)	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553
Enrollment										
High School										
Morristown (1928)										
Square Feet	415,631	415,631	415,631	415,631	415,631	415,631	415,631	415,631	415,631	415,631
Capacity (students)	2,629	2,629	2,629	2,629	2,629	2,629	2,629	2,629	2,629	2,629
Enrollment										
Maintenance Offices										
Square Feet	900	900	900	900	900	900	900	900	900	900
Number of Schools at June 30, 2006										
Early Learning Center = 1										
Elementary = 7										
Middle School = 1										
High School = 1										

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

Morris School District
 General Fund
 Schedule Of Required Maintenance For School Facilities
 Last Ten Fiscal Years

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-XXX

School Facilities	Project # (s)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Morristown High	N/A	\$ 697,495	\$ 639,642	\$ 601,429	\$ 572,243	\$ 913,479	\$ 655,046	\$ 637,468	\$ 484,510	\$ 406,997	\$ 440,151
Alexander Hamilton	N/A	121,110	173,975	114,799	153,071	191,243	136,719	185,228	121,536	68,191	92,296
Alfred Vail	N/A	73,822	128,526	195,826	219,208	384,074	280,109	82,295	64,639	87,360	73,715
Frelinghuysen	N/A	186,878	217,936	188,806	229,456	300,414	224,057	331,813	230,525	172,879	123,346
Lafayette Learning Center	N/A	89,984	49,955	74,719	189,286	108,462	78,008	79,376	66,123	45,838	43,592
Hillcrest	N/A	169,749	90,187	111,705	103,819	132,324	100,062	105,124	62,693	62,246	50,844
Normandy Park	N/A	89,131	103,184	80,565	90,954	110,830	72,872	75,183	74,634	50,091	49,692
Sussex Avenue	N/A	92,090	99,063	73,491	133,583	153,490	83,482	76,301	75,538	71,903	70,193
Thomas Jefferson	N/A	124,690	109,277	115,355	86,020	114,411	75,545	153,858	78,059	90,556	47,265
Woodland Avenue	N/A	99,813	68,662	69,120	184,611	305,921	220,707	125,865	142,868	57,972	61,422
Total School Facilities		\$ 1,744,762	\$ 1,680,407	\$ 1,625,815	\$ 1,962,251	\$ 2,714,648	\$ 1,926,607	\$ 1,852,511	\$ 1,401,125	\$ 1,114,033	\$ 1,052,516

*School Facilities as defined under EFCFA.
 (N.J.A.C. 6A:26-1.2 and J.J.A.C. 6:24-1.3)

MORRIS SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Exhibit J-20

Company	Type of Coverage	Coverage	Deductible
Utica Mutual	Property/Inland Marine & Crime		
	Blkt Bldgs. All Loc	\$146,378,376	\$1,000
	See Policy for Additional Limits		
	Inland marine, and fringes		
	Employee Fidelity	250,000	\$500
	Computer Fraud	250,000	\$500
	Funds Transfer Fraud	250,000	\$500
NJ School Boards Association Ins. Group	Automobile Insurance on all vehicles		
	BI/PD Each Occurrence Liability Limit	16,000,000	
	Medical Payments	10,000 Private Pass/5,000 All Others	
	Physical Damage	Comprehensive/Collision	\$1000/\$1000
NJ School Boards Association Ins. Group	General Liability -		
	BI/PD Each Occurrence Liability Limit	16,000,000	nil
	Aggregate (when applicable)	16,000,000	nil
NJ School Boards Association Ins. Group	Workmen's Compensation		
	Coverage A	Statutory	
	Coverage B (Employer Liability)	2,000,000	(increased to \$16,000,000 via GL endorsement)
McCloskey/NJSBAIG program Berkley Life & Health Markel Insurance/	Student Accident Insurance (Includes Athletes)		
	Basic	\$1,000,000	
	Wrap around	5,000,000	
	Catastrophe Cash option	\$1,000,000	\$25,000
Western World	School Board Legal Liability including Employment Practices Liability		
	Liability Limit Claims Made basis	2,000,000	25,000
NJ School Boards Association Ins. Group	Blanket/Public Official Fidelity Bond		
	Board Sec/Assist B.A.	400,670	1,000
	Assist Bd Sec	200,000	1,000
Firemans Fund	Catastrophe Excess Liability		
	Occurrence Limit (BI & PD)	50,000,000 (shared limits)	nil
National Flood Program	Flood Coverage-Alexander Hamilton		
	Building	500,000	1,000
	Contents	500,000	1,000

Source: District Records

SINGLE AUDIT SECTION

SECTION – K

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
1102 RARITAN AVENUE, P.O. BOX 1450
HIGHLAND PARK, NJ 08904
(732) 393-1000
(732) 393-1196 (FAX)

K-1

ANDREW G. HODULIK, CPA, RMA, PSA
ROBERT S. MORRISON, CPA, RMA, PSA

JO ANN BOOS, CPA, PSA

MEMBERS OF:
AMERICAN INSTITUTE OF CPA'S
NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N.

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

Honorable President and Members
of the Board of Education
Morris School District
Morristown, New Jersey

We have audited the basic financial statements of the Morris School District, in the County of Morris, State of New Jersey, as of and for the year ended June 30, 2012, and have issued our report thereon dated November 21, 2012. 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 Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Morris School District, in the County of Morris, State of New Jersey, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Morris School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements but not for the purpose of expressing an opinion on the effectiveness of the Morris School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Morris School District's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Morris School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

We also noted other matters that we reported to the Board of Education of the Morris School District in a separate report entitled, Auditors Management Report on Administrative Findings dated November 21, 2012.

This report is intended solely for the information and use of the Board of Education, management, New Jersey Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants

Highland Park, New Jersey
November 21, 2012

HODULIK & MORRISON, P.A.

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CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
1102 RARITAN AVENUE, P.O. BOX 1450
HIGHLAND PARK, NJ 08904
(732) 393-1000
(732) 393-1196 (FAX)

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ANDREW G. HODULIK, CPA, RMA, PSA
ROBERT S. MORRISON, CPA, RMA, PSA

MEMBERS OF:
AMERICAN INSTITUTE OF CPA'S
NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N

JO ANN BOOS, CPA, PSA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

Honorable President and Members
of the Board of Education
Morris School District
Morristown, New Jersey

Compliance

We have audited the compliance of the Morris School District with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" and the *New Jersey Compliance Manual "State Grant Compliance Supplement"* that could have a direct and material effect on each of Morris School District's major federal and state programs for the year ended June 30, 2012. The Morris School District's major federal and state programs are identified in the "summary of auditor's results section" of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Morris School District's management. Our responsibility is to express an opinion on the Morris School District's compliance based on our audit.

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; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, 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 federal or state program occurred. An audit includes examining, on a test basis, evidence about the Morris School 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. Our audit does not

provide a legal determination on the Morris School District's compliance with those requirements.

In our opinion, the Morris School District, in the County of Morris, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the Morris School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Morris School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, 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 the Morris School District's internal control over compliance.

A deficiency in internal control over compliance 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, 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.

Our consideration of the 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education, management, the New Jersey Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants

Highland Park, New Jersey
November 21, 2012

HODULIK & MORRISON, P.A.

MORRIS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL C.F.D.A NO.	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	DEF. REVENUE/ (ACCTS. REC.) AT JUNE 30, 2011	DUE TO GRANTOR JUNE 30, 2011	ADJUSTMENTS	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAY. PR. YRS. BALANCES	BALANCE JUNE 30, 2012 ACCOUNTS RECEIVABLE
U.S. Department of Agriculture											
Passed-through NJDOE:											
Enterprise Fund:											
Child Nutrition Cluster											
Food Distribution Program	10.555	N/A	7/1/11-6/30/12	\$ 79,028	\$	\$	\$	79,028	(79,028)		\$
School Breakfast Program	10.553	N/A	7/1/11-6/30/12	249,114				200,626	(249,114)		
School Breakfast Program	10.553	N/A	7/1/10-6/30/11	214,189	(44,622)			44,622			(48,488)
School Snack Program	10.553	N/A	7/1/11-6/30/12	4,036				3,488	(4,036)		(548)
School Snack Program	10.553	N/A	7/1/10-6/30/11	5,662	(1,287)			1,287			
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	578,241				474,140	(578,241)		(104,101)
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	551,648	(112,198)			112,198			
Total Enterprise Fund					(158,107)			915,389	(910,419)		(153,137)
U.S. Department of Education											
Passed-through NJDOE:											
General Fund:											
Medicaid Reimbursements	93.778	N/A	7/1/11-6/30/12	61,303				61,303	(61,303)		
Education Jobs Fund, ARRA	84.410A	ARRA	7/1/11-6/30/12	279,718				200,184	(288,481)		(88,297)
Impact Aid	84.041	N/A	7/1/11-6/30/12	5,233				5,233	(5,233)		
Total General Fund								266,720	(355,017)		(88,297)
U.S. Department of Education											
Passed-through NJDOE:											
Special Revenue Fund											
Title I Cluster:											
Title I, Part A	84.010	NCLB-12	7/1/11-6/30/12	483,068	(281,513)			777,560	(571,128)		(75,081)
Title I, Part D	84.013	NCLB-12	7/1/11-6/30/12	66,518	(22,407)			82,274	(66,518)		(6,651)
Title I, Part A, ARRA	84.389A	ARRA-11	7/1/11-6/30/12		(115,980)			134,209	(18,229)		
Total Title I Cluster					(419,900)			994,043	(655,875)		(81,732)
Special Education Cluster:											
I.D.E.A. Part B, Full-time	84.027	IDEA-12	7/1/11-6/30/12	1,466,674	(829,985)			1,797,859	(1,374,248)		(406,374)
I.D.E.A. Part B, Preschool	84.173	IDEA-12	7/1/11-6/30/12	51,436	(64,760)			192,745	(128,063)		(78)
I.D.E.A. Part B, Full-time, ARRA	84.391	ARRA-11	7/1/11-6/30/12		(373,311)			479,908	(106,597)		
Total Special Education Cluster					(1,268,056)			2,470,512	(1,608,908)		(406,452)
Title IV	84.186		7/1/11-6/30/12		(8,745)			9,109	(364)		
Total Title IV					(8,745)			9,109	(364)		
Title II Part A	84.367	NCLB-12	7/1/11-6/30/12	172,750	(153,161)			309,066	(168,278)		(12,373)
Title II, Part D	84.318	NCLB-12	7/1/11-6/30/12		(78)			1,016	(1,013)		(75)
Total Title II					(153,239)			310,082	(169,291)		(12,448)
Title III	84.365	NCLB-12	7/1/11-6/30/12	92,157	(86,366)			154,439	(87,499)		(19,426)
Total Title III					(86,366)			154,439	(87,499)		(19,426)
Career Academy	84.048	N/A	7/1/09-6/30/10		(3,985)						(3,985)
Vocational Education:											
Secondary(Carl Perkins)	84.048	PERK-12	7/1/11-6/30/12	33,857	(34,960)			68,817	(35,303)		(1,446)
Total Carl Perkins					(34,960)			68,817	(35,303)		(1,446)
Total Special Revenue Fund					(1,975,251)			4,007,002	(2,557,240)		(525,489)
Total Federal Financial Assistance					\$ (2,133,358)	\$	\$	\$ 5,189,111	\$ (3,822,676)	\$	\$ (766,923)

Note: See Accompanying Notes to Schedules of Financial Assistance.

MORRIS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2011		ADJUSTMENTS	CASH RECEIVED	BUDGETARY EXPEND.	ADJU/ REPAY. PR. YRS. BALANCES	BALANCE JUNE 30, 2012		MEMO CUMULATIVE TOTAL EXPENDITURES										
				DEF. REVENUE/ (ACCTS. REC.)	DUE TO GRANTOR					(ACCTS. REC.)	DUE TO GRANTOR											
State Department of Education:																						
General Fund:																						
Categorical Transportation Aid	12-495-034-5120-014	7/1/11-6/30/12	\$ 1,529,750	\$	\$	\$	1,376,784	(1,529,750)	\$	\$	(152,966)	(1,529,750)										
Categorical Transportation Aid	11-495-034-5120-014	7/1/10-6/30/11	125,462	(12,546)			12,546															
Categorical Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	2,718,299	(258,794)			258,794															
Categorical Special Education Aid	12-495-034-5120-011	7/1/11-6/30/12	2,718,299				2,446,470	(2,718,299)			(271,829)	(2,718,299)										
Categorical Security Aid	11-495-034-5120-084	7/1/10-6/30/11	707,662	(70,766)			70,766															
Categorical Security Aid	12-495-034-5120-084	7/1/11-6/30/12	707,662				636,894	(707,662)			(70,768)	(707,662)										
School Choice Aid	12-495-034-5120-068	7/1/11-6/30/12	237,388				196,894	(237,388)			(40,494)	(237,388)										
Adjustment Aid	12-495-034-5120-085	7/1/11-6/30/12	316,215				301,346	(316,215)			(14,869)	(316,215)										
Non-public Transportation Aid	12-100-034-5120-068	7/1/11-6/30/12	80,591					(80,591)	(80,591)			(80,591)										
Non-public Transportation Aid	11-100-034-5120-068	7/1/10-6/30/11	81,615	(81,615)			81,615															
Extraordinary Aid	12-100-034-5120-473	7/1/11-6/30/12	1,036,680					(1,036,680)			(1,036,680)	(1,036,680)										
Extraordinary Aid	11-100-034-5120-473	7/1/10-6/30/11	983,581	(983,581)			983,581															
Homeless Tuition Reimbursemt	n/a	7/1/11-6/30/12	11,002					(11,002)		(11,002)		(11,002)										
Bullying Prevention Fund	n/a	7/1/11-6/30/12	10,705				10,705					(10,705)										
T.P.A. F. Social Security Aid	12-495-034-5095-002	7/1/11-6/30/12	2,887,761				2,887,761	(2,887,761)				(2,887,761)										
T.P.A. F. Non-Contributory Insurance	12-495-034-5095-007	7/1/11-6/30/12	1,277,728				1,277,728	(1,277,728)				(1,277,728)										
T.P.A. F. Post Retirement Medical Contribution	12-495-034-5095-001	7/1/11-6/30/12	2,568,568				2,568,568	(2,568,568)				(2,568,568)										
Total General Fund				(1,407,302)			13,110,452	(13,382,349)		(91,593)	(1,587,606)	(13,382,349)										
Debt Service Fund:																						
Debt Service Aid (Chapter 74)	12-100-034-5120-125	7/1/11-6/30/12	197,295				197,295	(197,295)				(197,295)										
Total Debt Service Fund							197,295	(197,295)				(197,295)										
Special Revenue Fund:																						
N.J. Nonpublic Aid:																						
Textbook Aid	11-100-034-5120-064	7/1/10-6/30/11	142,241		18,730				18,730													
Textbook Aid	12-100-034-5120-064	7/1/11-6/30/12	108,439				136,718	(108,439)		28,279		(108,439)										
Auxiliary Services:																						
Compensatory	12-100-034-5120-067	7/1/11-6/30/12	84,784				126,800	(84,784)		42,016		(84,784)										
Compensatory	11-100-034-5120-067	7/1/10-6/30/11	113,956		10,797				10,797													
Home Instruction	11-100-034-5120-067	7/1/10-6/30/11	1,440	(1,440)			1,440															
Home Instruction	12-100-034-5120-067	7/1/11-6/30/12	5,239					(5,239)		(5,239)		(5,239)										
Handicapped Services:																						
Supplementary Instruction	11-100-034-5120-066	7/1/10-6/30/11	18,899		8,199				8,199													
Supplementary Instruction	12-100-034-5120-066	7/1/11-6/30/12	12,487				32,270	(12,487)		19,783		(12,487)										
Examination & Classification	12-100-034-5120-066	7/1/11-6/30/12	58,950				84,664	(58,950)		25,714		(58,950)										
Examination & Classification	11-100-034-5120-066	7/1/10-6/30/11	39,102		28,667				28,667													
Corrective Speech	11-100-034-5120-066	7/1/10-6/30/11	39,102		14,707				14,707													
Corrective Speech	12-100-034-5120-066	7/1/11-6/30/12	33,489				53,710	(33,489)		20,221		(33,489)										
Nursing Services	21-100-034-5120-070	7/1/11-6/30/12	195,287				195,287	(195,287)				(195,287)										
Nursing Services	11-100-034-5120-070	7/1/10-6/30/11	189,725		2,654				2,654													
Preschool Aid	12-495-034-5120-806	7/1/11-6/30/12	234,300				210,870	(234,300)		(23,430)		(234,300)										
Preschool Aid	11-495-034-5120-806	7/1/10-6/30/11	234,300	(23,430)			23,430															
Total Special Revenue Fund				(24,870)	83,754		865,189	(732,975)	83,754	(28,669)	136,013	(732,975)										
National School																						
Lunch Prog. (State Share)	12-100-010-3360-067	7/1/11-6/30/12	16,592				13,619	(16,592)		(2,973)		(16,592)										
Lunch Prog. (State Share)	11-100-010-3360-067	7/1/10-6/30/11	23,547	(4,293)			4,293															
Total Enterprise Fund				(4,293)			17,912	(16,592)		(2,973)		(16,592)										
Capital Projecs Fund:																						
EDA Grant	1290-XXX-02-XXXX	7/1/11-6/30/12		(433,234)		12,958	420,276															
Total State Financial Assistance			\$	(1,869,699)	\$	83,754	\$	12,958	\$	14,611,124	\$	(14,329,211)	\$	83,754	\$	(123,235)	\$	136,013	\$	(1,587,607)	\$	(14,329,211)
Less:																						
TPAF Post Retirement Medical							\$	2,568,568														
TPAF Non-Contributory Pension Insurance							\$	1,277,728														
							\$	(10,482,915)														

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Note: See Accompanying Notes to Schedules of Financial Assistance.

MORRIS SCHOOL DISTRICT
 NOTES TO THE SCHEDULES OF AWARDS
 AND FINANCIAL ASSISTANCE
JUNE 30, 2012

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Morris School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented 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. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(242,032) for the general fund and \$67,682 for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

MORRIS SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2012

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D.):

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$355,017	\$13,120,921	\$13,475,938
Special Revenue Fund	2,617,659	732,975	3,350,634
Capital Projects Fund		420,276	420,276
Debt Service Fund		197,295	197,295
Food Service Fund	<u>910,419</u>	<u>16,592</u>	<u>927,011</u>
Total Awards & Financial Assistance	<u>\$3,883,095</u>	<u>\$14,488,059</u>	<u>\$18,371,154</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. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions and Post Retirement Medical represents the amount paid by the state on behalf of the District for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

MORRIS SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal Control over financial reporting:

1) Material weakness(es) identified? _____ Yes X No

2) Significant Deficiency(s) identified that are not considered to be material weaknesses? _____ Yes X No

Noncompliance material to basic financial statements noted? _____ Yes X No

Federal Awards

Internal Control over major programs:

1) Material weakness(es) identified? _____ Yes X No

2) Significant Deficiency(s) identified that are not considered to be material weaknesses? _____ Yes X No

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section.510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
	<u>Special Education Cluster:</u>
84.027	<u>IDEA Part B Full-time</u>
84.173	<u>IDEA Part B Preschool</u>
84.391	<u>IDEA Part B Full-time ARRA</u>

MORRIS SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

K-6

Section 1 - Summary of Auditor's Results (cont'd.)

Federal Awards (Cont'd):

Identification of major programs(Cont'd):

84.410A	Education Jobs Fund - ARRA

Dollar threshold used to distinguish between Type A and B programs: \$300,000.00

Auditee qualified as low-risk auditee? X Yes No

MORRIS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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Section II - Financial Statement Findings

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance related to the general-purpose financial statements that are required to be reported in accordance with chapter 5.18 of *Governmental Auditing Standards*.

Significant Deficiency(ies)/Material Weaknesses

None Noted.

Noncompliance

None Noted.

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB circular A-133 and New Jersey OMB's circular 04-04.

Federal and State Award Programs:

Significant Deficiency(ies)/Material Weaknesses

None Noted.

Noncompliance

None Noted.

MORRIS SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Section I – Summary of Prior Year Federal and State Findings

N/A

Section II – Current Year Status

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action has been taken on all prior year findings.