

***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, 2015***

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
JUNE 30, 2015**

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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 20, 2015

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

Dear President Posey  
and Board Members:

The Comprehensive Annual Financial Report of the Morris School District for the fiscal year ended June 30, 2015 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 2014-15 fiscal year with an average daily enrollment of 5,239 students, which represented an increase of 128 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>
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
2012-13	4,996	1.40%	4,774
2013-14	5,111	2.30%	4,889
2014-15	5,239	2.50%	5,012

**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's largest taxpayer, Honeywell, has chosen to relocate to neighboring Morris Plains and to sell the 147 acre property to two developers. The current plan is to transform the site into a "mixed use development" to include office space, 235 townhouses and open space. The Assessed Value of the Honeywell site was approx. \$64.9 million. The largest taxpayer in Morristown is 2<sup>ND</sup> ROC, Jersey Assoc. (real estate). One of their larger properties in Morristown is Headquarters Plaza.

The single biggest enrollment driver for the Town is the percentage of rental housing and its associated rollover. The newly constructed residential properties in Morristown have had minimal impact on the student enrollment of the Morris School District. However, due to the recent upswing in the real estate market the district is seeing an increase in enrollment. The district's enrollment growth over the last 10 years has been a cumulative 13.4%.

The estimated population in the Township has increased from 21,217 in 2003 to 22,573 in 2014, or a cumulative increase of 6.4% over eleven years. The Town's population has increased from 18,651 in 2003 to an estimate of 19,085 in 2014 or a cumulative increase of 2.3% over eleven years. Additionally, based on recent population trends as set forth in the following excerpt, The Morris School District may see significant growth. "New Jersey's population has started to contract back toward its urban core for the first time since the end of the second World War". "The popularity of older, urbanized communities in New Jersey like Morristown, with walkable town centers and access to mass transit, is booming, while newer towns that rose with suburban sprawl, are struggling." (Bloustein School of Planning, Rutgers University).

Both the Town & Township's assessed valuation (tax base) increased the last year, however, the Township continues to absorb a higher percentage of the total tax levy due to the Equalized Valuation calculation. The total tax base of the district was allocated 66.3% to the Township and 33.7% to the Town in 2015. 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 2014-2015 school year included:

**2014-2015**

**Curriculum Programs**

<i>Program</i>	<i>Project</i>
ESL Programs (Gr. K- 12)	<ul style="list-style-type: none"> <li>➤ Redefined ESL Program Structure</li> <li>➤ Provided Professional Development in SIOP for ESL staff and administration</li> <li>➤ Completed initial review of ACCESS 2.0</li> <li>➤ WIDA Standard PD for Support teachers (BSI) and I&amp;RS</li> </ul>
Bilingual Program (Gr. K-12)	<ul style="list-style-type: none"> <li>➤ Implement full time bilingual program in grades K-12</li> <li>➤ Reframing programs at K-5 to consider student language proficiency level in addition to grade level content</li> <li>➤ Professional development on best practices in ELL instruction provided for teachers grades K-12.</li> </ul>
K-5 Language Arts	<ul style="list-style-type: none"> <li>➤ Completed K-5 Writing Units of Study to align with Common Core</li> <li>➤ Continued revisions to Reading Units of Study to align with Common Core and to compliment Writing Units</li> <li>➤ Identification process for universal diagnostic K-5 in reading began</li> <li>➤ Assessment Handbook for Language Arts adjusted to reduce benchmark testing for the 2015-16 school year</li> </ul>
6-12 English Language Arts	<ul style="list-style-type: none"> <li>➤ Implemented grades 6 -12 grade ELA curriculum aligned to the Common Core standards</li> <li>➤ Began development of units of study for grades 6-8</li> <li>➤ Extended Language Arts Blocks for grade 6</li> <li>➤ Provided PD for Balanced Literacy</li> <li>➤ Utilized PLC time to create common assessments in middle and high school</li> <li>➤ Identification process for universal diagnostic 6-9 in reading began</li> </ul>
K-12 Mathematics	<ul style="list-style-type: none"> <li>➤ Upgrade of K-5 Math Materials to align with Common Core</li> <li>➤ Identification process for universal diagnostic K-9 in math began</li> <li>➤ Assessment Handbook for Language Arts adjusted to reduce benchmark testing for the 2015-16 school year</li> </ul>
K-12 Science	<ul style="list-style-type: none"> <li>➤ Approved 6-8 curriculum aligned to Next Generation Science Standards</li> <li>➤ Upgraded Science materials 6-8 to Fusion/online resources</li> <li>➤ Continued creation of framework for K-5 curriculum in accordance with Next Generation Science Standards</li> <li>➤ STEM Academy cohort expansion at Morristown High School</li> </ul>
Social Studies (K-12)	<ul style="list-style-type: none"> <li>➤ Integrated Social Studies into K-5 Writing Units. Aligned Reading and Writing units by topics (based in Social Studies).</li> <li>➤ Primary Source PD Grades 6-12 provided through Gilder Lehrman partnership.</li> </ul>
Gifted Education (K-12)	<ul style="list-style-type: none"> <li>➤ Completed Quest appeals in accordance with district policy</li> <li>➤ Expanded appeals process to include Quest Teachers</li> <li>➤ Began refining selection process for Quest</li> </ul>
Basic Skills Summer School (Gr. 1-5)	<ul style="list-style-type: none"> <li>➤ Summer Academy Program targeted for BSI and ESL students provided for grades 1-8 and Special Education PreK-12</li> <li>➤ Utilized blended practices to integrated online supports in reading and math for Summer Academy students.</li> <li>➤ Implemented attendance incentives for students in Summer Academy</li> <li>➤ Provided parent information, progress reports and visitations for Summer Academy families</li> </ul>
K-5 Progress Report	<ul style="list-style-type: none"> <li>➤ Continuum Report Card Utilized</li> <li>➤ Report Card in English and Spanish provided through SchoolBrains SIS</li> </ul>

	<ul style="list-style-type: none"> <li>➤ Parent Information sessions on Report Cards K-12</li> <li>➤</li> </ul>
K-12 Media	<ul style="list-style-type: none"> <li>➤ K-12 Media/Library Curriculum updated</li> <li>➤ Typing program EduType adopted for K-5</li> </ul>
World Language Proficiency-oriented Curriculum Development (K-12)	<ul style="list-style-type: none"> <li>➤ Rosetta Stone software used to facilitate K-5 language program activities</li> <li>➤ Revisions started on level 3 world language curriculum in all languages 9-12</li> <li>➤ Curriculum review and PLC planning for world language grades 6-8</li> <li>➤ Proposed revisions to K-5 World Language Curriculum approved</li> </ul>
K-12 Computer Education	<ul style="list-style-type: none"> <li>➤ Technology infusion at K-6 continues (additional chrome books purchased).</li> <li>➤ Revisions began to K-12 Technology Ed, Informational Literacy curriculum</li> <li>➤ One to one at grades 7-12 continued</li> <li>➤ PD for teachers provided to increase level of technology integration</li> <li>➤ Supervisor of Technology Integration position created</li> <li>➤ Implementation of PARCC online testing</li> <li>➤ Implementation of NewsELA (2-12) and TenMarks (K-5)</li> </ul>
K-12 Health and Physical Education	<ul style="list-style-type: none"> <li>➤ Implementation of K-12 Health Curriculum</li> <li>➤ Implementation of No Bullies Curriculum K-5</li> <li>➤ Implementation of K-12 PE Curriculum</li> <li>➤ Revisions to 9-12 Curriculum to include Adaptive PE practices</li> <li>➤ Technology standards integrated into PE Curriculum</li> <li>➤ Participation in SNAP program (Special Needs Athletic Programs) in K-5 schools</li> </ul>

#### **4. AWARDS:**

The Morris School District community takes great pride in its schools and believes a quality education is the inherent right of all children and the foundation of a strong community. In our classrooms and on our playgrounds children of diverse races, religions, and economic backgrounds come together to learn with and from each other.

The District provides a supportive and challenging educational environment for a total student population of 5,250 in grades Pre-K through 12. The average elementary class size is 19, with specialists providing instruction in science, art, and music. The Urban Farm at Lafayette, located at the Lafayette Learning Center, is a 1-acre agricultural teaching garden offering rich, hands-on learning experiences for students and the community-at-large.

Frelinghuysen Middle School serves approximately 1,140 students in grades 6-8. The school has a "house" structure to facilitate closer and more meaningful long-term relationships between students and staff. Each house is the caretaker of its students throughout their middle school years. A dedicated team of teachers offers core content instruction (Math, Language Arts, Social Studies and Science) within each house over a three-year period. The FMS curriculum also offers instruction in Italian, Spanish, and French. Each 7th and 8th grade student is issued a personal Chrome Book to enhance and support instruction and promote personal inquiry 24/7. Extracurricular programs are an integral part of student life at FMS. The school's 60-acre campus includes numerous fields to support the extensive athletic programs available to FMS students. Included among these are field hockey, lacrosse, baseball, soccer, softball and cross-country. Artistic, literary, musical, and philanthropic activities are available to augment the academic and emotional development of Frelinghuysen students.

Morristown High School is a comprehensive high school serving approximately 1,550 students. The school provides a rigorous college preparatory curriculum which includes 21 Advanced Placement courses and 22 Honors Level courses. MHS SAT scores continue to surpass state and national averages. The MHS STEM (science, technology, engineering & math) Academy offers a 4-year program of studies designed for students who have demonstrated success in mathematics and science and have expressed an interest in pursuing a STEM career.

The school's Classics Academy provides a unique, cross-curricular experience during junior and senior years for students who wish to explore the deeply-seeded connections of ancient Greece and Rome both to Western intellectual history and, more personally, to their own lives. Recognizing that participation in co-curricular, athletic, and community service organizations complement and enhance students' educational experience, MHS offers 32 academic/cultural activities, 27 varsity and 29 interscholastic athletic teams. The school's state-of-the-art facilities include an indoor Olympic-size swimming pool, turf field, 700-seat auditorium, TV and radio station, and an all-weather track. Eighty percent of the student body participates in one or more of the varsity or interscholastic teams, and 63% are active in one or more of the co-curricular offerings, which include forensics, math and physics teams, jazz band, chorus, and numerous service clubs and organizations.

Honors and Awards MHS Class of 2015 – National Merit Honors were awarded to 13 individual members of the Class of 2015. Included among these are 1 National Merit Semifinalist, 11 National Merit Commended Students, 1 Hispanic Recognition Student, and 1 National Achievement Scholar. Additional national honors included 2 National AP Scholars, 26 AP Scholars with Distinction, 17 AP Scholars with Honor, and 26 AP Scholars. Members of the class were admitted to the most competitive colleges and universities in the country, including Auburn, Cornell, Columbia, Boston College, University of California at Berkeley, U.C.L.A., University of Michigan, University of Pennsylvania, Georgia Tech, and The College of New Jersey, among others.

In addition to outstanding academic achievements, Morristown High school students garnered numerous regional, state and national awards for extra-curricular activities. Morristown High School music students were selected to honors bands, choruses, and orchestras at the regional and state levels. The high school's jazz ensemble, *Spectrum*, was selected to compete in the NJ State Jazz Ensemble Championship, and the Frelinghuysen Middle School Select Chorus won first place honors in the Morris County College Teen Arts Festival. Morristown High School athletes competed successfully in numerous county, conference, and state championship games. The MHS Girls' Lacrosse Team captured the state championship title. Our students continued to give generously of their time to numerous school and community service programs including Habitat for Humanity, the Morris Minute Men, and the Morristown and Morris Township Fire Departments.

## **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, 2014.

**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, 2015 and the amount and percentage of increases in relation to prior year revenues.

<u>Revenue</u>	<u>FY 2015 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2014</u>	<u>Percent of Increase (Decrease)</u>
Local Sources	\$88,324,416	81.93%	(\$261,755)	(0.30)%
State Sources	16,887,795	15.67%	1,035,349	6.53%
Federal Sources	<u>2,591,004</u>	<u>3.04%</u>	<u>76,483</u>	<u>3.04%</u>
<b>Total</b>	<b><u><u>\$107,803,215</u></u></b>	<b><u><u>100.00%</u></u></b>	<b><u><u>\$850,077</u></u></b>	<b><u><u>0.79%</u></u></b>

The following schedule presents a summary of the general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2015 and the amount and percentage of increases in relation to prior year expenditures.

<u>Expenditures</u>	<u>FY 2015 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2014</u>	<u>Percent of Increase (Decrease)</u>
Current Expense:				
Instruction	36,390,443	35.63%	205,125	0.57%
Undistributed	60,427,965	59.16%	2,596,869	4.49%
Capital Outlay	832,875	0.82%	36,683	4.61%
Special Revenue	3,578,684	3.50%	243,064	7.29%
Debt Service:				
Principal	740,000	0.72%	(115,000)	(13.45)%
Interest	168,500	0.17%	(38,830)	(18.73)%
<b>Total</b>	<b>102,138,467</b>	<b>100.00%</b>	<b>2,927,911</b>	<b>2.95%</b>

**9. DEBT ADMINISTRATION:** The District's outstanding debt of \$2,765,000 includes one refunding bond issuance for the year 2007. This bond is payable in annual installments ranging from \$610,000 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.

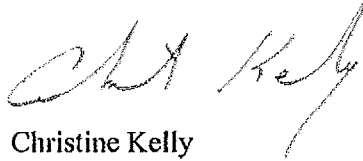
**12. OTHER INFORMATION:** Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The firm of Hodulik & Morrison, P.A., a professional corporation of accountants and auditors was selected and duly appointed by the Morris 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,



Mackey Pendergrast  
Superintendent

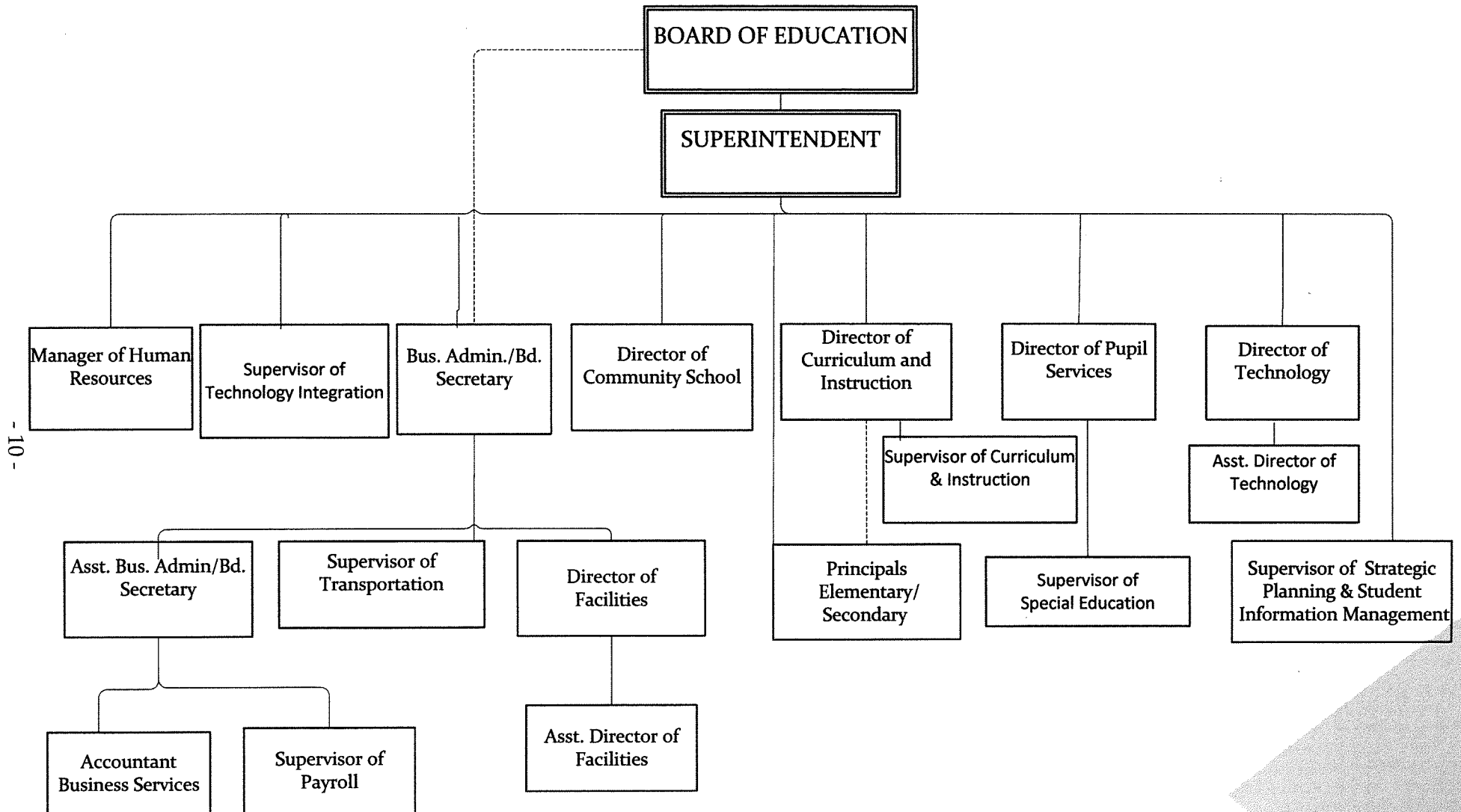


Christine Kelly  
Business Administrator/Board Secretary

# MORRIS SCHOOL DISTRICT

## CENTRAL OFFICE

2014-2015



- 10 -



**PRESIDENT**

Mr. Leonard Posey 2017

**VICE-PRESIDENT**

Dr. Peter Gallerstein 2016

**MEMBERS**

Mrs. Nancy Bangiola 2016

Ms. Teresa Murphy 2017

Ms. Lisa J. Pollak 2017

Mrs. Ann Rhines 2015

Mr. Norman "J.B." Blanchard 2016

Mrs. Jeanette Thomas 2015

Mrs. Prim Minchello 2015

Mrs. Lucia Galdi (Morris Plains Rep)

**OTHER OFFICIALS**

S. Mackey Pendergrast, Superintendent of School (Beginning 06/01/15)

Catherine Mozak, Interim Superintendent of Schools (Through 05/31/15)

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**

DiCara Rubino Architects  
30 Galesi Drive  
West Wing  
Wayne, NJ 07470

**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

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

**INDEPENDENT AUDITOR'S REPORT**

JO ANN BOOS, CPA, PSA

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

**Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of 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, 2015, and the related notes to the financial statements, which collectively comprise the district's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion 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 the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### **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, 2015 and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, during the fiscal year ending June 30, 2015, the Morris School District implemented the provisions of Statement Number 68 of the Governmental Accounting Standards Board (GASB 68). GASB 68 changed the measurement criteria and reporting provisions relating to the District's proportionate share (if any), of the net pension liability of the defined benefit pension plans in which its employees are enrolled. The accompanying statement of net position discloses the District's net pension liability and pension plan related deferred outflows and deferred inflows of financial resources. The accompanying statement of activities and Note 20 to the financial statements discloses the adjustments to the District's beginning net position based upon GASB 68 implementation. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, including the Notes thereto, and pension plan information, including the Notes thereto, as listed in the table of contents 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.

### **Other Information**

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 as a whole.

The accompanying other supplementary information, consisting of the combining and individual fund financial statements and long-term debt schedules, as listed in the table of contents, the schedules of expenditures of federal awards and state financial assistance 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 other information, including the introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements, long-term debt schedules, schedules of expenditures of federal awards and state financial assistance are the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, long-term debt schedules, schedule of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

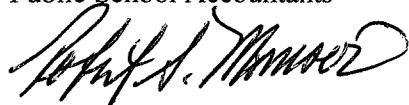
The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015 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* in considering the Morris School District's internal control over financial reporting and compliance.



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



Robert S. Morrison  
Public School Accountant  
PSA # 871

Highland Park, New Jersey  
November 20, 2015

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART I**

**MORRIS SCHOOL DISTRICT**  
**Morristown, New Jersey**  
**Morris County**

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**June 30, 2015**

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, 2015. 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 2014-2015 fiscal year include the following:

Governmental funds reported a total fund balance of \$32,161,622, which is a 9.2% increase over last year's total governmental fund balance. The general or operating fund balance was reported at \$21,811,967 of which \$6,581,848 was appropriated toward the 2015-2016 budget. The unassigned general fund balance is reported at \$210,331. Total spending for all governmental funds was \$103,925,311. Total revenues were \$107,803,215 resulting in an excess of revenues over expenditures of \$3,877,904 for the year. Revenues increased approximately \$850,000 over last year and included \$19.5 million in state and federal aid and \$83.9 million in local taxes.

The district held \$8.1 million in its capital reserve account as of 06/30/15 and \$2.1 million in its maintenance reserve account.

A transfer from the general fund to the enterprise (food service) fund of \$136,063 covered the enterprise fund's 2014-2015 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**

### ***Organization of the School District Annual Financial Report***

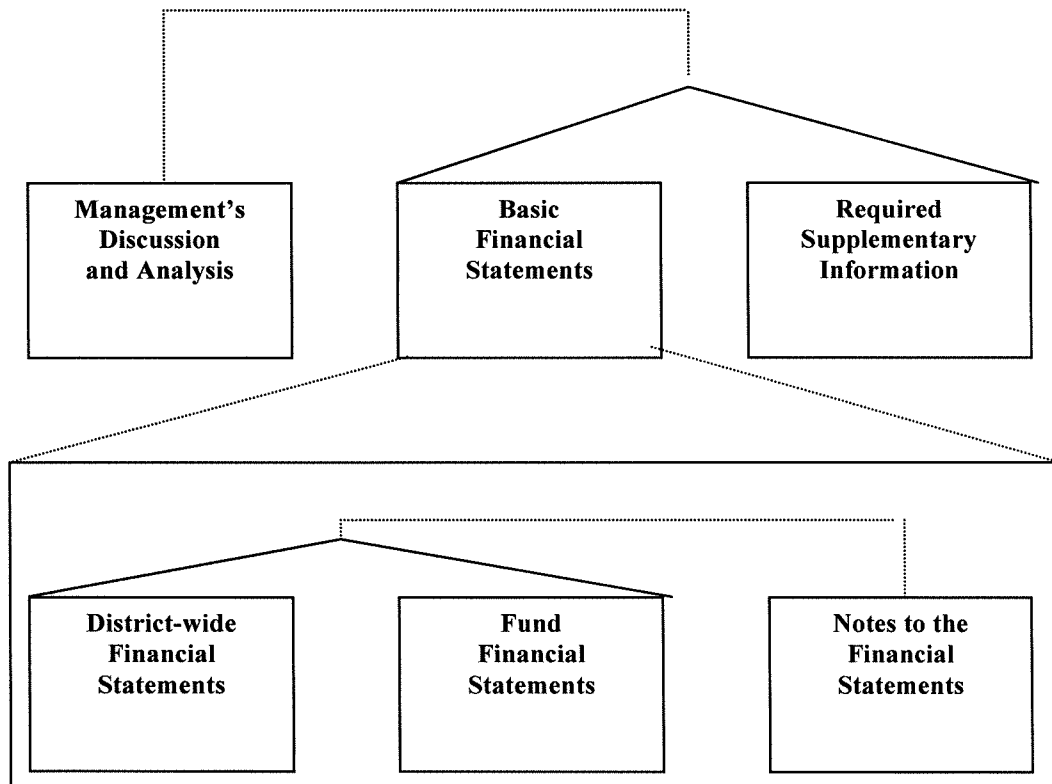


Figure A-2 summarizes the major features of the district’s financial statements, including the portion of the district’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents 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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
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, liabilities, deferred inflows/outflows of resources 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 position 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 position and how they have changed. Net position - 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 position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the district's overall health, you need to consider 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 position were \$31,801,670 at June 30, 2015. Of this amount, \$32,984,938 was a deficit in unrestricted net assets. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the school district's ability to use the net position for day-to-day operations. Our analysis below focuses on the net position (Exhibit 1) and change in net position (Figure A-4) of the school district's governmental activities.

**Figure A-3**  
**Net Position**

	Governmental Activities <u>2015</u>	Governmental Activities <u>2014*</u>	% Increase <u>-Decrease</u>
Current and Other Assets	\$34,378,798	\$31,184,574	10.2
Capital Assets	<u>37,714,376</u>	<u>36,608,360</u>	3.0
Total Assets	<u>\$72,093,174</u>	<u>\$67,792,934</u>	6.3
Deferred Outflows of Resources	<u>\$2,321,838</u>	<u>\$1,421,096</u>	<u>63.4</u>
	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>	% Increase <u>-Decrease</u>
Current and Other Liabilities	\$4,393,574	\$3,900,692	12.6
Long-term Liabilities	<u>35,346,162</u>	<u>38,225,387</u>	-7.5
Total Liabilities	<u>\$39,739,736</u>	<u>\$41,971,563</u>	-5.3
Deferred Inflows of Resources	<u>2,873,606</u>	<u>0</u>	
Net Position			
Net Investment in capital assets	\$34,762,605	\$32,902,621	5.7
Restricted	30,024,003	26,706,016	12.4
Unrestricted	<u>(32,984,938)</u>	<u>(32,520,686)</u>	1.4
Total Net Position	<u>\$31,801,670</u>	<u>\$27,087,951</u>	17.4

\* - Reflects restatement to implement GASB Statement 68.

The \$32,984,938 deficit in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. It means that if the district had to pay off all of its bills today including all of its non-capital liabilities (net pension liability and compensated absences for example), we would have a deficit of \$32,984,938.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

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.

**Figure A - 4**  
**Change in Net Position**

	2015	2014	Increase (Decrease)
Revenues:			
Program revenue			
State grants & entitlements	\$ 18,867,263	\$ 18,324,772	\$ 542,491
General revenue			
Local tax levy	83,933,355	83,287,395	645,960
Federal and state aid	296,780	153,828	142,952
Miscellaneous revenues (Incl. special items & transfers)	2,940,663	3,990,588	(1,049,925)
Total general revenues	<u>87,170,798</u>	<u>87,431,811</u>	<u>(261,013)</u>
Total revenues	<u>\$ 106,038,061</u>	<u>\$ 105,756,583</u>	<u>\$ 281,478</u>
Function/program expense:			
Instruction			
Regular programs	28,387,065	28,269,563	117,502
Special programs	7,781,595	7,534,259	247,336
Other Instructional programs	2,867,286	2,790,901	76,385
Support services			
Student services	14,330,155	13,713,695	616,460
Tuition	5,628,722	5,718,344	(89,622)
Instructional staff support			
General administration and business services	3,384,791	3,251,357	133,434
School administration	2,832,511	2,770,823	61,688
Plant services	7,784,633	7,393,248	391,385
Student transportation	6,041,059	6,019,131	21,928
Unallocated benefits	21,966,032	20,952,645	1,013,387
Unallocated depreciation and amortization	157,708	196,352	(38,644)
Interest on long-term debt	<u>162,785</u>	<u>159,496</u>	<u>3,289</u>
Total expenses	<u>\$ 101,324,342</u>	<u>\$ 98,769,814</u>	<u>\$ 2,554,528</u>
Increase (Decrease) net assets	<u>\$ 4,713,719</u>	<u>\$ 6,986,769</u>	<u>\$ (2,273,050)</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 \$101,324,342. These costs were financed by \$83,933,355 in local property school taxes \$19,164,043 in federal and state aid and \$2,940,663 in miscellaneous revenues including interest, general entitlements 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**

	<b>Year Ended June 30, 2015</b>	<b>Year Ended June 30, 2014</b>
	<b>Governmental Activities</b>	<b>Governmental Activities</b>
	<b>Total Cost of Services</b>	<b>Total Cost of Services</b>
	<b><u>2015</u></b>	<b><u>2014</u></b>
Regular Programs Instruction	\$28,387,065	\$28,269,563
Unallocated Benefits	21,966,032	20,952,645
Student Services	14,330,155	13,713,695
Plant Services	7,784,633	7,393,248
Transportation	6,041,059	6,019,131
Special Programs Instruction	7,781,595	7,534,259
Tuition	5,628,722	5,718,344
All Others	<u>9,405,081</u>	<u>9,168,929</u>
	<b><u>\$101,324,342</u></b>	<b><u>\$98,769,814</u></b>

### 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 \$32,161,622, which is an increase of \$2,717,359 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 \$9.3 million. This is due primarily to:

1. The State reimbursement in the amount of \$8.3 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 negative variance of \$273,000. This is due to the State requirement to include TPAF and social security contributions totaling \$8.3 million in the audit. Absent the TPAF adjustment the variance is a positive \$8.0 million due to the savings mentioned above.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2015, the school district had \$67,417,466 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 \$2,299,260 or 3.5% percent, from last year.

Figure A-6

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

	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>
Land	\$3,331,700	\$3,331,700
Construction in Progress	1,786,844	3,126,708
Building and Improvements	52,713,488	49,547,704
Furniture, Equip. & Vehicles	<u>9,585,434</u>	<u>9,112,094</u>
Total	<u>\$67,417,466</u>	<u>\$65,118,206</u>

Construction in progress decreased due to several projects being completed and other projects being started by the board at June 30, 2015.



## Long-Term Debt

At the end of this year, the school district had \$2,951,771 in bonds and lease purchase obligations outstanding versus \$3,705,739 in bonds and capital leases last year – a decrease of 20.3%. The long-term debt consisted of:

	<b>Outstanding Debt, at Year-End (Rounded)</b>	
	<b>Governmental Activities <u>2015</u></b>	<b>Governmental Activities <u>2014</u></b>
Lease Purchase Obligations	\$186,771	\$200,739
General Obligation Bonds	2,765,000	3,505,000

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 \$2,951,771 is significantly below the \$232,335,133 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. Overall enrollment has increased over 7.1% over the last 5 years. The enrollment growth forced the district to convert office space into classrooms at Frelinghuysen Middle School and start work on a 10 classroom addition at the High School. Construction began in June of 2015 and the first two phases are scheduled for completion September 2016.
- Another particularly significant element is the restriction of the district's budget increase to 2% of its statutory tax levy. This cap along with increasing expenses continues to exert pressure on the district's budget. Additionally, beginning in 2011-2012, Chapter 78 required employees to contribute to their Health Benefit Costs. The contributions were rolled out over 4 years with 2014-2015 being the final year. Beginning with 2015-2016 there was a minimal increase in these contributions putting an additional strain on the operating budget.
- A four year TEAM contract was ratified in the Fall of 2014 and covers the years 2014 – 2015 / 2017 – 2018.
- State aid increased minimally in 2014-2015. The minimal increase combined with a decrease in Multiple Disabilities Tuition and an increase in Charter School Tuition forced the district to increase the tax levy to 2.4% using the Enrollment Waiver to cover the increase. 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, 2015 balance was \$7.9 million. 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 POSITION  
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 22,176,683	\$ 1,000,676	\$ 23,177,359
Receivables, net	1,895,829	294,065	2,189,894
Receivables from other funds	151,021		151,021
Prepaid Expenses		40,279	40,279
Inventory		17,941	17,941
Restricted Assets:			
Capital Reserve Account - cash	8,064,027		8,064,027
Maintenance Reserve Account - cash	2,091,238		2,091,238
Capital assets, net (Note 3)	37,714,376	74,299	37,788,675
 Total Assets	72,093,174	1,427,260	73,520,434
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Change in Pension Assumptions	919,735		919,735
Pension Payment Subsequent to Measurement Date	1,305,537		1,305,537
Deferred amount on refinancing	96,566		96,566
 Total Deferred Outflows of Resources	2,321,838		2,321,838
 <b>LIABILITIES</b>			
Accounts payable	3,457,076	199,014	3,656,090
Accrued interest payable	38,354		38,354
Interfund payable		151,021	151,021
Payable to state government			
Unearned Revenue	500	483,387	483,887
Advance from Grantor	65,137		65,137
Noncurrent liabilities (Note 4):			
Due within one year	832,507		832,507
Due beyond one year	6,097,509	27,404	6,124,913
Net Pension Liability	29,248,653		29,248,653
 Total Liabilities	39,739,736	860,826	40,600,562
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Difference in Pension Earnings	1,743,061		1,743,061
Change in Pension Proportion	1,130,545		1,130,545
 Total Deferred Inflows of Resources	2,873,606	-	2,873,606
 <b>NET POSITION</b>			
Net investment in capital assets	34,762,605	74,299	34,836,904
Restricted for:			
Capital projects	10,349,654		10,349,654
Other purposes	19,674,349		19,674,349
Unrestricted(Deficit)	(32,984,938)	492,135	(32,492,803)
 Total Net Position	\$ 31,801,670	\$ 566,434	\$ 32,368,104

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, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 28,387,065			\$ (28,387,065)	\$	\$ (28,387,065)
Special education	7,781,595		6,933,055	(848,540)	-	(848,540)
Other special instruction	1,496,083	-	-	(1,496,083)	-	(1,496,083)
Other instruction	1,371,203	-	-	(1,371,203)	-	(1,371,203)
Support services:						
Tuition	5,628,722	-	1,170,055	(4,458,667)	-	(4,458,667)
Student & instruction related services	14,330,155	-	-	(14,330,155)	-	(14,330,155)
School administrative services	3,384,791	-	1,115,934	(2,268,857)	-	(2,268,857)
General and business administrative services	2,832,511	-	-	(2,832,511)	-	(2,832,511)
Plant operations and maintenance	7,784,633	-	12,617	(7,772,016)	-	(7,772,016)
Pupil transportation	6,041,059	-	1,647,416	(4,393,643)	-	(4,393,643)
Unallocated benefits	21,966,032	-	7,764,956	(14,201,076)	-	(14,201,076)
Interest on long-term debt	157,708	-	223,230	65,522	-	65,522
Unallocated depreciation and amortization	162,785	-	-	(162,785)	-	(162,785)
Total governmental activities	101,324,342	-	18,867,263	(82,457,079)	-	(82,457,079)
Business-type activities:						
Food Service	1,950,021	660,566	1,153,151		(136,304)	(136,304)
Community School	1,651,378	1,719,989			68,611	68,611
Total business-type activities	3,601,399	2,380,555	1,153,151	-	(67,693)	(67,693)
Total primary government	\$ 104,925,741	\$ 2,380,555	\$ 20,020,414	\$ (82,457,079)	\$ (67,693)	\$ (82,524,772)
General revenues:						
Taxes:						
Property taxes, levied for general purposes, net				\$ 83,248,085		\$ 83,248,085
Taxes levied for debt service				685,270		685,270
Federal and State aid not restricted				296,780	-	296,780
Tuition received				3,962,529	-	3,962,529
Investment/Miscellaneous Earnings				212,423	1,743	214,166
Transfer of Funds to Charter School				(1,098,226)		(1,098,226)
Transfers				(136,063)	136,063	-
Total general revenues, extraordinary items and transfers				87,170,798	137,806	87,308,604
Change in Net Position				4,713,719	70,113	4,783,832
Net Position—beginning				58,283,060	496,321	58,779,381
Prior Period Adjustment - GASB 68 Implementation				(31,195,109)		(31,195,109)
<b>Net Position—ending</b>				<b>\$ 31,801,670</b>	<b>\$ 566,434</b>	<b>\$ 32,368,104</b>

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, 2015

**Exhibit B-1**  
**Page 1 of 2**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 22,176,682			\$ 1	\$ 22,176,683
Accounts Receivable:					
Interfunds			10,558,650		10,558,650
Due from other governments	241,337	1,100,747			1,342,084
Tuition	465,087				465,087
Other Accounts Receivable	14,435	74,223			88,658
Restricted cash and cash equivalents	10,155,265				10,155,265
<b>Total Assets</b>	<b>33,052,806</b>	<b>1,174,970</b>	<b>10,558,650</b>	<b>1</b>	<b>44,786,427</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	1,555,879	386,664	208,996		2,151,539
Interfund Payable	9,684,460	723,169			10,407,629
Unearned Revenue	500				500
Advance from Grantor		65,137			65,137
<b>Total Liabilities</b>	<b>11,240,839</b>	<b>1,174,970</b>	<b>208,996</b>	<b>-</b>	<b>12,624,805</b>
<b>Fund Balances:</b>					
<b>Restricted Fund Balance:</b>					
Capital Reserve Account	7,131,527				7,131,527
Maintenance Reserve Account	2,091,238				2,091,238
Excess Surplus - Designated for Subsequent Years Expenditures	5,011,332				5,011,332
Reserve for Excess Surplus	5,440,252				5,440,252
Capital Projects			10,349,654		10,349,654
<b>Committed Fund Balance:</b>					
Year-end Encumbrances	356,771				356,771
<b>Assigned Fund Balance:</b>					
Designated for Subsequent Year's Expenditures	638,016				638,016
Designated for Subsequent Year's Expenditures - Capital Reserve	932,500				932,500
Unassigned Fund Balance	210,331			1	210,332
<b>Total Fund Balances</b>	<b>21,811,967</b>		<b>10,349,654</b>	<b>1</b>	<b>32,161,622</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 33,052,806</b>	<b>\$ 1,174,970</b>	<b>\$ 10,558,650</b>	<b>\$ 1</b>	<b>\$ 44,786,427</b>

MORRIS BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

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:	\$ 32,161,622
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$67,417,466, and the accumulated depreciation is \$29,703,090.	37,714,376
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.	(6,810,285)
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.	(38,354)
The Net Pension Liability, and associated Deferred Inflows and Outflows of Resources of the District relating to its participation in the PERS system are not recognized in the funds using the current financial resources measurement focus, but are recognized in the statement of net position using the economic resources measurement focus. Carrying amounts are as follows:	
Deferred Outflows of Resources:	
Change in Pension Assumptions	919,735
Pension Payment Subsequent to Measurement Date	1,305,537
Accounts Payable for Pension Expense	(1,305,537)
Net Pension Liability	(29,248,653)
Deferred Inflows of Resources:	
Difference in Pension Earnings	(1,743,061)
Change in Pension Proportion	(1,130,545)
Transactions related to a current refunding of long-term debt, refinancing of lease agreement are not reported in the funds.	
Issuance premium, net of amortization	(119,731)
Deferred amount on refunding, net of amortization	96,566
<b>Net assets of governmental activities.</b>	<b>\$ <u><u>31,801,670</u></u></b>

MORRIS BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local tax levy	\$ 83,248,085			\$ 685,270	\$ 83,933,355
Tuition charges	3,962,529				3,962,529
Miscellaneous	212,423				212,423
Local sources		216,109			216,109
State sources	15,711,964	952,601		223,230	16,887,795
Federal sources	181,030	2,409,974			2,591,004
<b>Total revenues</b>	<b>103,316,031</b>	<b>3,578,684</b>	<b>-</b>	<b>908,500</b>	<b>107,803,215</b>
<b>EXPENDITURES</b>					
Current:					
Regular instruction	27,021,640				27,021,640
Special education instruction	6,501,517	1,280,078			7,781,595
Other special instruction	1,496,083				1,496,083
Other instruction	1,371,203				1,371,203
Support services and undistributed costs:					
Tuition	5,628,722				5,628,722
Student & instruction related services	12,044,166	2,285,989			14,330,155
School administrative services	3,384,791				3,384,791
Other administrative services	2,832,511				2,832,511
Plant operations and maintenance	7,858,377				7,858,377
Pupil transportation	6,041,059				6,041,059
Unallocated Benefits	22,638,339				22,638,339
Debt service:					
Principal				740,000	740,000
Interest and other charges				168,500	168,500
Capital outlay	832,875	12,617	1,786,844		2,632,336
<b>Total expenditures</b>	<b>97,651,283</b>	<b>3,578,684</b>	<b>1,786,844</b>	<b>908,500</b>	<b>103,925,311</b>
Excess (Deficiency) of revenues over expenditures	5,664,748	-	(1,786,844)	-	3,877,904
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital leases (non-budgeted)	73,744				73,744
Transfers in			8,937,439		8,937,439
Transfers out	(10,171,728)				(10,171,728)
<b>Total other financing sources and uses</b>	<b>(10,097,984)</b>	<b>-</b>	<b>8,937,439</b>	<b>-</b>	<b>(1,160,545)</b>
Net change in fund balances	(4,433,236)	-	7,150,595	-	2,717,359
Fund balance—July 1	26,245,203		3,199,059	1	29,444,263
<b>Fund balance—June 30</b>	<b>\$ 21,811,967</b>	<b>\$ -</b>	<b>\$ 10,349,654</b>	<b>\$ 1</b>	<b>\$ 32,161,622</b>

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 30,2015

Total net change in fund balances - governmental funds (from B-2)		\$ 2,717,359
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	(1,462,685)
	Capital outlays	<u>2,568,701</u>
		1,106,016
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.		
		837,263
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		
		(83,295)
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.		
		10,792
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 (+).		
		134,889
Pension expenditures in the governmental funds are recognized when paid or payable from expendable available financial resources. In the statement of activities, pension costs are recognized on a full accrual basis utilizing actuarial valuations. The amount by which actuarially calculated pension expense exceeds the expenditure reported in the funds is a deduction.		
		(7,415)
Amortization Expenses - Net		
		<u>(1,890)</u>
<b>Change in net position of governmental activities</b>		
		<b><u>\$ 4,713,719</u></b>

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

**PROPRIETARY FUNDS**

MORRIS BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Food Service</u>	<u>Community School</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 616	\$ 1,000,060	\$ 1,000,676
Receivables from other governments	206,867		206,867
Accounts receivable	18,340	68,858	87,198
Prepaid Expenses		40,279	40,279
Inventories	17,941		17,941
Total current assets	<u>243,764</u>	<u>1,109,197</u>	<u>1,352,961</u>
Noncurrent assets:			
Furniture, machinery & equipment	613,114	15,328	628,442
Less accumulated depreciation	<u>(544,432)</u>	<u>(9,711)</u>	<u>(554,143)</u>
Total noncurrent assets	<u>68,682</u>	<u>5,617</u>	<u>74,299</u>
Total assets	<u><b>312,446</b></u>	<u><b>1,114,814</b></u>	<u><b>1,427,260</b></u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	163,219	35,795	199,014
Unearned revenue		483,387	483,387
Interfunds payable	149,227	1,794	151,021
Total current liabilities	<u>312,446</u>	<u>520,976</u>	<u>833,422</u>
Noncurrent Liabilities:			
Compensated absences		27,404	27,404
Total noncurrent liabilities	<u>-</u>	<u>27,404</u>	<u>27,404</u>
Total liabilities	<u>312,446</u>	<u>548,380</u>	<u>860,826</u>
<b>NET POSITION</b>			
Net Investment in capital assets	68,682	5,617	74,299
Unrestricted (Deficit)	<u>(68,682)</u>	<u>560,817</u>	<u>492,135</u>
Total net position	<u>-</u>	<u>566,434</u>	<u>566,434</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 POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	<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	\$ 562,116	\$	\$ 562,116
Special Functions	98,450		98,450
Program Fees		1,719,989	1,719,989
Total operating revenues	<u>660,566</u>	<u>1,719,989</u>	<u>2,380,555</u>
Operating expenses:			
Cost of sales	719,461		719,461
Salaries	354,835	975,050	1,329,885
Employee benefits	291,181	149,161	440,342
Rent		101,571	101,571
Other purchased professional services	462,004	118,166	580,170
Other purchased services	30,259	62,690	92,949
General supplies		73,167	73,167
Other Expenses	57,000	171,036	228,036
Depreciation	35,281	537	35,818
Total Operating Expenses	<u>1,950,021</u>	<u>1,651,378</u>	<u>3,601,399</u>
Operating income (loss)	<u>(1,289,455)</u>	<u>68,611</u>	<u>(1,220,844)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	16,720		16,720
Federal sources:			
National school lunch program	719,689		719,689
National school breakfast program	289,221		289,221
Food distribution program	127,521		127,521
Interest and investment revenue	241	1,502	1,743
Total nonoperating revenues (expenses)	<u>1,153,392</u>	<u>1,502</u>	<u>1,154,894</u>
Income (loss) before contributions & transfers	<u>(136,063)</u>	<u>70,113</u>	<u>(65,950)</u>
Transfers in (out)	<u>136,063</u>		<u>136,063</u>
Change in net position	-	70,113	70,113
Total net position—beginning		496,321	496,321
<b>Total net position—ending</b>	<u>-</u>	<u>\$ 566,434</u>	<u>\$ 566,434</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, 2015

	<u>Food Service Fund</u>	<u>Community School</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 655,207	\$ 1,720,123	\$ 2,375,330
Payments to employees	(1,116,415)	(601,441)	(1,717,856)
Payments for employee benefits	(359,354)	(147,663)	(507,017)
Payments to suppliers	<u>(354,835)</u>	<u>(975,050)</u>	<u>(1,329,885)</u>
<b>Net cash provided by (used for) operating activities</b>	<b><u>(1,175,397)</u></b>	<b><u>(4,031)</u></b>	<b><u>(1,179,428)</u></b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Federal and State Sources	1,031,356		1,031,356
Operating Transfers/capital Contributions - General Fund	<u>136,063</u>		<u>136,063</u>
<b>Net cash provided by (used for) non-capital financing activities</b>	<b><u>1,167,419</u></b>	<b><u>-</u></b>	<b><u>1,167,419</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase Capital Assets		<u>(2,182)</u>	<u>(2,182)</u>
<b>Net cash provided by (used for) capital and related financing activities</b>	<b><u>-</u></b>	<b><u>(2,182)</u></b>	<b><u>(2,182)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	<u>241</u>	<u>1,502</u>	<u>1,743</u>
<b>Net cash provided by (used for) investing activities</b>	<b><u>241</u></b>	<b><u>1,502</u></b>	<b><u>1,743</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b><u>(7,737)</u></b>	<b><u>(4,711)</u></b>	<b><u>(12,448)</u></b>
Balances—beginning of year	8,353	1,004,771	1,013,124
<b>Balances—end of year</b>	<b><u>\$ 616</u></b>	<b><u>\$ 1,000,060</u></b>	<b><u>\$ 1,000,676</u></b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (1,289,455)	\$ 68,611	\$ (1,220,844)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for)(used for) operating activities</b>			
Depreciation and net amortization	35,281	537	35,818
(Increase) decrease in other accounts receivable	(5,359)	(7,434)	(12,793)
(Increase) decrease in inventories	(10,480)		(10,480)
Increase (decrease) in prepaid expenses		8,957	8,957
Increase (decrease) in compensated absences payable	(68,173)	1,498	(66,675)
Increase (decrease) in accounts payable	27,352	(8,351)	19,001
Increase (decrease) in deferred revenue		(8,823)	(8,823)
Increase (decrease) in Interfunds Payable	7,916	(59,026)	(51,110)
Food Distribution Program	<u>127,521</u>		<u>127,521</u>
<b>Total adjustments</b>	<b><u>114,058</u></b>	<b><u>(72,642)</u></b>	<b><u>41,416</u></b>
<b>Net cash provided by (used for) operating activities</b>	<b><u>\$ (1,175,397)</u></b>	<b><u>\$ (4,031)</u></b>	<b><u>\$ (1,179,428)</u></b>

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



## **FIDUCIARY FUNDS**

MORRIS BOARD OF EDUCATION  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY NET POSITION  
JUNE 30, 2015

	Unemployment Compensation <u>Trust</u>	Private Purpose <u>Scholarship</u>	Agency <u>Fund</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ <u>2,061,574</u>	\$ <u>127,870</u>	\$ <u>2,352,655</u>
Total Assets	\$ <u><u>2,061,574</u></u>	\$ <u><u>127,870</u></u>	\$ <u><u>2,352,655</u></u>
<b>LIABILITIES:</b>			
Payable to Student Groups	\$	\$	\$ 154,586
Accounts Payable	4,695		
Payroll Deductions and Withholdings	<u>                    </u>	<u>                    </u>	<u>2,198,069</u>
Total Liabilities	<u>4,695</u>	<u>                    </u>	\$ <u><u>2,352,655</u></u>
<b>NET POSITION:</b>			
Held in trust for unemployment claims and other purposes	2,056,879		
Reserved for Scholarships	<u>                    </u>	<u>127,870</u>	
Total Net Position	\$ <u><u>2,056,879</u></u>	\$ <u><u>127,870</u></u>	

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

MORRIS BOARD OF EDUCATION  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship</u>
<b>ADDITIONS</b>		
Contributions:		
Plan member	\$ 133,243	\$
Board Contribution	200,000	
Other		17,961
	<u>333,243</u>	<u>17,961</u>
Total Contributions		
	<u>333,243</u>	<u>17,961</u>
Interest	626	136
	<u>626</u>	<u>136</u>
Net investment earnings	626	136
	<u>626</u>	<u>136</u>
Total additions	<u>333,869</u>	<u>18,097</u>
<b>DEDUCTIONS</b>		
Unemployment claims	76,149	
Scholarships awarded		19,748
	<u>76,149</u>	<u>19,748</u>
Total deductions		
	<u>76,149</u>	<u>19,748</u>
Change in net position	257,720	(1,651)
Net position—beginning of the year	<u>1,799,159</u>	<u>129,521</u>
<b>Net position—end of the year</b>	<b>\$ <u>2,056,879</u></b>	<b>\$ <u>127,870</u></b>

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, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) of the Board of Education (Board) of Morris School District (District) report information on all of the nonfiduciary activities of the primary government only. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The District is not financially accountable for any legally separate component units, and no component units have been included in the government-wide financial statements.

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

**B. 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, 2015 of 5,225 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.

**C. Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****D. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column. Any remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The District reports the following major 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. State Aid in the form of Economic Development Authority Grants under EFCFA are also financial resources of this fund

**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.

**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.

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

**D. Basis of Presentation - Fund Financial Statements (Cont'd.)**

The District reports the following proprietary funds:

**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 is comprised of the Food Service Fund and the Community School Fund.

The District reports the following 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.

**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.

During the course of its normal operations, the District will have activity between funds (interfund activity) for various purposes. Any residual interfund balances at year end are reported as interfund accounts receivable/payable. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included within governmental activities (the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, any interfund balances between business-type (enterprise) funds are eliminated so that only the net amount is included as internal balances in the business-type activities columns.

Further, interfund activity may occur during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. In the preparation of the government-wide financial statements, transfers between funds included as governmental activities are eliminated so that only net amounts of resources transferred from or to the governmental activities are reported. A similar treatment is afforded transfers of resources between enterprise funds for the preparation of business-type activity financial statements.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting refers to the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the fiscal period that the taxes are levied by the municipality(s) within which the District is domiciled. 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 recognizes the entire approved tax levy as revenue in the fiscal period for which they were levied. The District is entitled to receive moneys under an established payment schedule and any unpaid amount is considered to be an "accounts receivable". Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. State categorical aid revenues are recognized as District revenue during the fiscal period in which they are appropriated.

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual basis accounting. Exceptions to this general rule include debt service, for which interest and principal expenditures in the Debt Service Fund are recognized on their due dates, and expenditures relating to compensated absences, claims and judgments, which are recorded in the period when payment becomes due. General capital asset acquisitions are recorded as expenditures in the governmental funds and are not capitalized. The issuance of long-term debt for capital purposes and capital lease obligations incurred to acquire general capital assets are reported as "other financing sources".

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. Entitlements are recorded as revenue when all eligibility requirements, including timing of funding appropriations, are met, subject to the 60-day availability requirement for collection. Interest and tuition revenues are considered susceptible to accrual and have been recognized as revenues of the current fiscal period, subject to availability. Expenditure driven grant revenues are recorded as qualifying expenditures are incurred and all other eligibility requirements have been met, subject to availability requirements. All other revenue items are considered measurable and available only when cash is received by the District.

The District's proprietary funds, employee benefit trust fund and private purpose scholarship trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****F. Budgets/Budgetary Control**

Annual budgets are adopted for the general, special revenue and debt service funds using a regulatory basis of accounting which differs from generally accepted accounting principles in one material respect; Budgetary revenues for certain nonexchange state aid transactions are recognized for budgetary purposes in the fiscal period prior to the period in which the state recognizes expenditures/expenses. The amounts of the adjustments needed to reconcile the budgetary basis to the GAAP based fund financial statements is set forth in the explanation of differences schedules which follow.

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. Pursuant to changes in the Local District School Budget Law, statutorily conforming base budgets of Districts with annual school elections held in November (The District has chosen this option) are no longer required to be presented to the voters for approval 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. New Jersey statutes place limits on the Board's ability to increase budgeted expenditures through the appropriation of previously undesignated fund balance and requires the District to obtain additional approvals when budgetary transfers, measured using the advertised budgetary account totals rather than line-item totals, exceed certain thresholds. The Board of Education did not make any supplemental budgetary appropriations during the fiscal year that required additional approvals from oversight agencies.

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 budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Appropriations in the general and debt service funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances, for which the contracted performance is expected during the subsequent budget cycle, are legally restricted at year-end and are automatically re-appropriated and become part of the subsequent years' budget pursuant to state regulations.

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 statements.



**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****F. Budgets/Budgetary Control (cont'd)**

The following presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedules – General and Special Revenue Funds to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.

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	\$103,657,468	\$3,579,046
Difference – budget to GAAP:		
Grant accounting budgetary differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - net		(362)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	(1,819,652)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	<u>1,478,215</u>	<u>0</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance – governmental funds	<u>103,316,031</u>	<u>3,578,684</u>
Uses/Outflows of resources:		
Actual amounts (budgetary basis) “total outflows” from the budgetary comparison schedule	97,651,283	3,579,046
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>(362)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds (B-2)	<u>\$97,651,283</u>	<u>\$3,578,684</u>

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

**G. 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.

**H. Tuition Receivable/Payable**

Tuition charges for the fiscal years 2013-2014 and 2014-2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined. Adjustments were made to the preliminary rates originally established for the 2015-2016 school year based upon the certification of 2013-2014 rates.

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

**I. Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditures 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. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

Payments made to vendors for services that will benefit periods beyond June 30, 2015 are recorded as prepaid items in both the government-wide and fund financial statements.

**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.

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 statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	15-20 Years

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****L. Accounts Receivable State – Capital Projects Fund**

The District received approval for SDA grants in the amount of \$860,060 to make improvements to various school buildings in the District. The SDA participation in the project represents 40% of \$2,150,150 of costs deemed eligible out of a total project cost of \$2,150,150. 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. As of June 30, 2015 the District has not recognized the 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. Pensions**

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

**O. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recorded as an outflow of resources (expenditure/expense) until that time. The District is reporting three items in this category; The Deferred Amount on Refunding, and Pension related items including the Change in Pension Assumptions and the amounts of pension payments made by the District subsequent to the pension measurement date. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding bonds.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****O. Deferred Outflows/Inflows of Resources (cont'd)**

Deferred Outflows for Changes in Pension Assumptions future outflows of resources resulting from changes in actuarial assumptions used in the valuation of the pension liability. Deferred outflows for Subsequent pension payments reflects payments made by the District to the pension system subsequent to the date of the most recent actuarial valuation, which was June 30, 2014.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recorded as an inflow of resources (revenue) until that time. The District is reporting two items in this category, the Difference in Pension Earnings and the Change in Pension Proportion. The first represents the District's proportionate share of plan earnings in excess of assumed amounts, while the second represents the favorable impact of a decline in the District's proportionate share of system wide net pension liability.

**P. Unearned Revenue/Advances from Grantors**

Unearned revenue represents cash advances received relating to services (expenditures/expenses) that will be provided in a subsequent fiscal period. Similarly, for expenditure-driven grants, amounts advanced to the District in excess of the amounts expended and earned are recorded as advances from grantors.

**Q. Net Position Flow Assumption (District-Wide and Proprietary Fund Financial Statements)**

Periodically, the District may fund outlays for a particular purpose from both restricted resources, such as bond referendum proceeds and/or grant proceeds, and unrestricted resources. To determine the amounts of net position- restricted and unrestricted that should be reported in the government-wide and proprietary fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied. In the absence of specific grant compliance requirements to the contrary, the District policy is to utilize all amounts of available restricted net position prior to applying unrestricted net position to fund acquisition costs.

**R. Fund Balance Flow Assumption (Governmental Fund Financial Statements)**

Periodically, the District may fund outlays for a particular purpose from both restricted resources and unrestricted resources (the total of the committed, assigned and unassigned fund balance). To determine the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied. In the absence of specific grant compliance requirements to the contrary, the District policy is to utilize all amounts of available restricted fund balance prior to applying any component of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance, with unassigned fund balance applied last.

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

**S. Fund Balance Policies**

Fund balance of the governmental funds is reported in various categories based upon the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through actions to transfer amounts to legally restricted reserve accounts (capital, maintenance and emergency reserves), or actions to commit or assign fund balance.

The committed fund balance includes amounts that can only be used for the specific purposes determined by a formal action of the Board of Education. Commitments of fund balance remain in place until the committed fund balance is fully depleted or an amendatory action is taken by the Board of Education.

Assignments of fund balance are made by the Board of Education for specific purposes that do not the criteria to be classified as committed. The Board of education also assigns fund balance when it appropriates unrestricted/unassigned fund balance to bridge a gap between estimated revenue and appropriations in the subsequent year budget. Unlike commitments, assignments are generally temporary in nature, and additional actions of the Board are generally not required to remove an assignment, whereas an action of the Board is essential to the modification or elimination of an unexpended committed fund balance.

**T. District-Wide Financial Statement Classifications**

1. Program Revenues – Amounts reported as program revenues include a) charges to customers or applicants who purchase, use or benefit from goods services or privileges provided by a given function or segment and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.
2. General Revenues – all taxes, including those designated for specific purposes such as debt service, are reported as general revenues. All other resources, including internally dedicated resources, unrestricted entitlements, and investment income are reported as general revenues.
3. Capital Assets – In the statement of net position, capital assets are reported, net of accumulated depreciation as assets of the governmental activities and business-type activities.
4. Long-term Debt - In the statement of net position, long-term debt is reported as a component of long-term liabilities of the governmental activities and business-type activities.
5. Net Investment in Fixed Assets – In the statement of Net Position, the net undepreciated value of capital assets, less the value of outstanding debt issued to purchase acquire or build those capital assets, is reported as Net Investment in Fixed assets as a component of net position for the governmental activities and business-type activities.

**U. Proprietary Fund Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and products in connection with the primary purpose or function for which the fund was established. The District's Food Service proprietary fund reports operating revenues from the sales of lunches and a la carte items, and operating expenses include the costs of sales (food, supplies and labor), administrative costs and depreciation on capital assets. Revenues earned through the District's participation in the National School Lunch Program are classified as nonoperating revenues, notwithstanding the limitations on the pricing of Type A student lunches that is required for program participation.

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

**V. Reconciliation of District-Wide and Fund Financial Statements**

I. Differences between governmental fund balance sheet and District-wide statement of net position:

Total Governmental Fund Balance (B-1)	\$32,161,622
Adjustments to District-Wide Net Position:	
Capital Assets (see Note 3)	37,714,376
Long-Term Liabilities (see Note 4)	(6,930,016)
Net Pension Liability	(29,248,653)
Other Items not recognized in Fund Financial Statements:	
Deferred Inflows of Financial Resources	(2,873,606)
Deferred Outflows of Financial Resources	2,321,838
Accrued Current Period Pension Liability	(1,305,537)
Accrued Interest on Long-term Debt	<u>(38,354)</u>
Net Position of Governmental Activities	<u>\$31,801,670</u>

II. Differences between governmental fund statement of revenues, expenditures and changes in fund balances and District-wide statement of activities:

Total Net Change Governmental Fund Balance (B-2)	\$2,717,359
Adjustments to District-Wide Net Position:	
Depreciation on Capital Assets (see Note 3)	(1,462,685)
Capital Outlays	2,568,701
Repayment of Long-Term Liabilities (see Note 4)	837,263
Proceeds from debt issues, Capital Leases	(83,295)
Net Increase in Pension Expense	(7,415)
Decrease in Value of Compensated Absences	134,889
Interest on Long-term Debt (Accrual Basis for District-Wide)	10,792
Amortization of Premiums Received on Bond Sales	34,785
Amortization of Deferred Amounts from Refunding	<u>(36,675)</u>
Change in Net Position of Governmental Activities	<u>\$4,713,719</u>

**W. 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.

**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	\$ 513,777
Insured – NJGUDPA (N.J.S.A.17:941)	<u>38,800,536</u>
<b>Total Deposits</b>	<b><u>\$39,314,313</u></b>

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, 2015, \$0.00 of the Board’s bank balance of \$39,314,313 was considered exposed to custodial risk. (See Note 1-G relating to statutory mitigation of custodial risk in the event of a bank failure).

As of June 30, 2015, 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, 2015, the District had no funds on deposit with the New Jersey Cash Management fund.



NOTE 3 - DISCLOSURE OF INFORMATION ABOUT CAPITAL ASSETS

The governmental fund balance sheet includes a reconciliation between fund balance- total governmental funds and net position-governmental activities as reported in the District-wide statement of net position. One item of that reconciliation explains that capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. An addition to the fund balance - total governmental funds is made to reflect the carrying value of the District's capital assets at year-end in the District-wide financial statements, which consisted of:

Total capital assets at cost	67,417,466
Less: accumulated depreciation	<u>(29,703,090)</u>
Government Activities Capital Assets, Net	<u><u>37,714,376</u></u>

Capital asset activity for the year ended June 30, 2015 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>3,126,708</u>	<u>1,786,844</u>	<u>(3,126,708)</u>	<u>1,786,844</u>
Total Capital Assets Not Being Depreciated	<u>6,458,408</u>	<u>1,786,844</u>	<u>(3,126,708)</u>	<u>5,118,544</u>
Building and Building Improvements	49,547,704	39,076	3,126,708	52,713,488
Machinery, Equipment, Furniture & Vehicles	<u>9,112,094</u>	<u>742,781</u>	<u>(269,441)</u>	<u>9,585,434</u>
Totals at Historical Cost	<u>58,659,798</u>	<u>781,857</u>	<u>2,857,267</u>	<u>62,298,922</u>
Less Accumulated Depreciation For:				
Building and Building Improvements	(21,798,412)	(912,987)		(22,711,399)
Equipment, Furniture, and Vehicles	<u>(6,711,434)</u>	<u>(549,698)</u>	<u>269,441</u>	<u>(6,991,691)</u>
Total Accumulated Depreciation	<u>(28,509,846)</u>	<u>(1,462,685)</u>	<u>269,441</u>	<u>(29,703,090)</u>
Total Capital Assets Being Depreciated (Net of Accumulated Depreciation)	<u>30,149,952</u>	<u>(680,828)</u>	<u>3,126,708</u>	<u>32,595,832</u>
Government Activities Capital Assets, Net	<u>\$ 36,608,360</u>	<u>\$ 1,106,016</u>	<u>\$</u>	<u>\$ 37,714,376</u>
Business-type Activities				
Equipment	\$ 626,260	\$ 2,182	\$	\$ 628,442
Less Accumulated Depreciation for: Equipment	<u>(518,325)</u>	<u>(35,818)</u>		<u>(554,143)</u>
Business-type Activities Capital Assets, Net	<u>\$ 107,935</u>	<u>\$ (33,636)</u>	<u>\$</u>	<u>\$ 74,299</u>

\* Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,301,790
Direct expense of various functions	<u>160,895</u>
Total depreciation expense	<u><u>\$ 1,462,685</u></u>

NOTE 4 - DISCLOSURE OF INFORMATION ABOUT LONG TERM LIABILITIES

The governmental fund balance sheet includes a reconciliation between fund balance- total governmental funds and net position-governmental activities as reported in the District-wide statement of net position. One item of that reconciliation explains that Long-term liabilities, including bonds and judgments payable, are not due and payable in the current period and therefore are not reported liabilities in the governmental funds. A deduction to the fund balance - total governmental funds is made to reflect the carrying value of the District's long-term liabilities at year-end in the governmental activities of the District-wide financial statements.

Long-term debt liability activity for the year ended June 30, 2015 was as follows:

	<u>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	\$ 3,505,000	\$ _____	\$ 740,000	\$ 2,765,000	\$ 750,000
Total Bonds Payable	<u>3,505,000</u>	<u>_____</u>	<u>740,000</u>	<u>2,765,000</u>	<u>750,000</u>
Other Liabilities:					
Obligations Under Capital Lease	200,739	83,295	97,263	186,771	82,507
Compensated Absences Payable	<u>3,993,403</u>	<u>_____</u>	<u>134,889</u>	<u>3,858,514</u>	<u>_____</u>
Total Other Liabilities	<u>4,194,142</u>	<u>83,295</u>	<u>232,152</u>	<u>4,045,285</u>	<u>82,507</u>
Subtotal Bonds and Other Liabilities	7,699,142	83,295	972,152	6,810,285	832,507
Bond Premiums/(Discount)	154,516		34,785	119,731	
Net Pension Liability (PERS)	<u>_____</u>	<u>29,248,653</u>	<u>_____</u>	<u>29,248,653</u>	<u>_____</u>
Total Liabilities	\$ <u>7,853,658</u>	\$ <u>29,331,948</u>	\$ <u>1,006,937</u>	\$ <u>36,178,669</u>	\$ <u>832,507</u>
Business-type activities					
Enterprise fund:					
Compensated Absences Payable	\$ 94,079	\$ _____	\$ 66,675	\$ 27,404	\$ _____
Total Liabilities	\$ <u>94,079</u>	\$ <u>-</u>	\$ <u>66,675</u>	\$ <u>27,404</u>	\$ <u>-</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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30,			
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>\$ 2,765,000</u>	<u>\$ 313,000</u>	<u>\$ 3,078,000</u>

**B. Bonds Authorized But Not Issued** -- As of June 30, 2015, the District had no bonds authorized but not issued.

**C. Capital Leases** --The District is leasing various equipment totaling \$186,771. The following is a schedule of the future minimum lease payments under this capital lease and the net minimum lease payments at June 30, 2015.

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$73,261	\$9,246	\$82,507
2017	45,374	5,744	51,118
2018	27,346	3,929	31,275
2019	16,848	2,247	19,095
2020	<u>2,458</u>	<u>319</u>	<u>2,777</u>
Total	<u>\$165,287</u>	<u>\$21,485</u>	<u>\$186,771</u>

**NOTE 5. PENSION PLANS**

**Description of Plans** – The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan’s designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the public Employees Retirement System (PERS) and the Teachers Pension and Annuity Fund (TPAF), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions), or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**A. PUBLIC EMPLOYEES RETIREMENT SYSTEM**

The Public Employee Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

*Plan Membership and Contributing Employers-* Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction’s pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2014:

Inactive plan members or beneficiaries currently receiving benefits	160,716
Inactive plan members entitled to but not yet receiving benefits	730
Active plan members	<u>266,526</u>
 Total	 <u>427,972</u>

Contributing Employers – 1,707.

*Significant Legislation* – For State of New Jersey contributions to PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012. For State fiscal year 2014, the State was required to make a minimum contribution representing 3/7<sup>th</sup> of the actuarially determined contribution amount based on the July 1, 2012 actuarial valuation.

**NOTE 5. PENSION PLANS (CONT'D)**

**A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D)**

Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

For the year ended June 30, 2015 the Board's total payroll for all employees was \$58,774,252. Total PERS covered payroll was \$10,250,422. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan.

*Specific Contribution Requirements and benefit provisions* – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. Employers contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The School Board's contributions to the Plan for the years ended June 30, 2014 and 2015 were \$1,229,850 and \$1,287,855, respectively. School Board Contributions are due and payable in the fiscal period subsequent to plan year for which the contributions requirements were calculated.

The vesting and benefit provisions are set by N.J.S.A. 43:15. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 8, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

A service retirement benefit of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier.

**NOTE 5. PENSION PLANS (CONT'D)**

**A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D)**

Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – At June 30, 2015, the School Board reported a liability of \$29,248,653 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on a projection of the Boards long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2014, the Boards proportion was 0.163223%, which was an increase of 0.007003% from its proportion measure as of June 30, 2013.

For the year ended June 30, 2015, the Board recognized pension expenses of \$1,295,927. At June 30, 2015 the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Changes in assumptions	\$919,735	\$
Net difference between projected and actual earnings on Plan investments		1,743,061
Changes in proportion and differences between Board contributions and proportionate share of contributions		1,130,545
Board contributions subsequent to the measurement date	<u>1,305,537</u>	<u>0</u>
Total	<u>\$2,225,272</u>	<u>\$2,873,606</u>

The \$1,305,537 of deferred outflows of resources resulting from the Boards contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2016	\$431,905.21
2017	\$431,905.21
2018	\$431,905.21
2019	\$431,905.21
2020	\$431,905.21
Thereafter	(\$205,655.05)

**NOTE 5. PENSION PLANS (CONT'D)**

**A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D)**

*Actuarial Assumptions-* The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.01%
Salary Increases (2012-2021)	2.15-4.40% Based on age
Thereafter	3.15-5.40% Based on age
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Table for Males or Females, as appropriate with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	
Cash	0.08%
Core Bonds	2.49%
Intermediate-Term Bonds	2.26%
Mortgages	2.17%
High Yield Bonds	4.82%
Inflation-Indexed Bonds	3.51%
Broad US Equities	8.22%
Developed Foreign Equities	8.12%
Emerging Market Equities	9.91%
Private Equity	13.02%
Hedge Funds/Absolute Return	4.92%
Real Estate (Property)	5.80%
Commodities	5.35%

*Discount Rate* – The discount rate used to measure the pension liabilities of PERS was 5.39%

*Sensitivity of Net Pension Liability* – the following presents the net pension liability of PERS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	<u>At 1% Decrease</u>	<u>At current discount rate</u>	<u>At 1% increase</u>
PERS	\$47,326,289,075	\$38,849,838,953	\$31,735,758,503

*Plan Fiduciary Net Position* – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2014 was \$28,999,581,773. Information regarding the portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group was not available.

**NOTE 5. PENSION PLANS (CONT'D)**

**B. TEACHERS PENSION AND ANNUITY FUND**

The Teachers Pension and Annuity Fund is a cost-sharing, multiple employer defined benefit pension plan with a special funding situation as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the TPAF Plan are as follows:

*Plan Membership and Contributing Employers-* Substantially all teachers or members of the professional staff of Local Education Agencies that are certified by the State Board of Examiners, and Employees of the Department of Education who have titles that are unclassified, professional and certified are enrolled in the TPAF. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2014:

Inactive plan members or beneficiaries currently receiving benefits	94,822
Inactive plan members entitled to but not yet receiving benefits	276
Active plan members	<u>152,812</u>
 Total	 <u>247,910</u>

In addition to the State, who is the sole payer of regular employer contributions to the fund, TPAF's contributing employers include boards of education who elected to participate in the Early Retirement Incentive Program (ERIP) and are legally responsible to continue to pay towards their incurred liability. The current number of ERIP Contributing Employers is 26.

*Significant Legislation* – For State of New Jersey contributions to TPAF, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012. For State fiscal year 2014, the State was required to make a minimum contribution representing 3/7<sup>th</sup> of the actuarially determined contribution amount based on the July 1, 2012 actuarial valuation.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of TPAF.

For the year ended June 30, 2015 the Board's total payroll for all employees was \$58,774,252. Total TPAF covered payroll was \$38,236,306. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan.

*Specific Contribution Requirements and benefit provisions* – The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State of New Jersey contribution amount is based on an actuarially determined rate. The annual employer contributions including funding for basic retirement allowances and noncontributory death benefits

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF.



**NOTE 5. PENSION PLANS (CONT'D)**

**B. TEACHERS PENSION AND ANNUITY FUND (CONT'D)**

Members are always fully vested for their own contributions and, after three years of service credit, become vested 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 8, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – The State of New Jersey is solely responsible for funding the normal pension obligations of the TPAF, including 100% of the obligations of LEAs within the State. Accordingly, the District does not report TPAF pension liabilities or deferred inflows and outflows of financial resources in its financial statements. Payments made by the State to the TPAF “on-behalf” of the LEAs are reported to the LEAs and reported as TPAF pension expenditures/expenses as made.

**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>
06/30/15	\$2,126,123	Unknown	\$0
06/30/14	1,688,286	Unknown	0
06/30/13	2,640,507	Unknown	0

At June 30, 2014, the TPAF reported a net pension liability of \$53,446,745,367 for its Non-State Employer Member Group. The proportionate share of the State of New Jersey's net pension liability for the Non-State Employer Member Group that is attributable to the District was \$213,296,708 or 0.399%. State non-employer contributions allocated to the District were \$1,695,258 and \$2,646,675 for 2014 and 2013, respectively.

**NOTE 5. PENSION PLANS (CONT'D)**

**B. TEACHERS PENSION AND ANNUITY FUND (CONT'D)**

*Actuarial Assumptions*- The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation		2.50%
Salary Increases (2012-2021)	Varies based on experience	
Thereafter	Varies based on experience	
Investment rate of return		7.90%

Mortality rates were based on the RP-2000 Combined Table for Males or Females, as appropriate with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	
Cash	0.05%
Core Bonds	1.38%
Intermediate-Term Bonds	2.60%
Mortgages	2.84%
High Yield Bonds	4.15%
Inflation-Indexed Bonds	1.30%
Broad US Equities	5.88%
Developed Foreign Equities	6.05%
Emerging Market Equities	8.90%
Private Equity	9.15%
Hedge Funds/Absolute Return	3.85%
Real Estate (Property)	4.43%
Commodities	3.60%

*Discount Rate* – The discount rate used to measure the pension liabilities of TPAF was 4.68%

*Sensitivity of Net Pension Liability* – the following presents the net pension liability of TPAF calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	<u>At 1% Decrease</u>	<u>At current discount rate</u>	<u>At 1% increase</u>
TPAF	\$64,722,984,539	\$53,813,067,539	\$44,738,870,539

*Plan Fiduciary Net Position* – The plan fiduciary net position for TPAF at June 30, 2014 was \$27,282,252,461.

**NOTE 5. PENSION PLANS (CONT'D)****C. DEFINED CONTRIBUTION RETIREMENT PLAN**

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

*Plan Membership and Contributing Employers*- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2014, the membership in the DCRP, based on the information within the Division's database, was 28,270.

*Contribution Requirement and Benefit Provisions* - State and local government employers contribute 3% of the employees base salary. Active members contribute 5.5% of base salary.

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

For the year ended June 30, 2015 the Board's total payroll for all employees was \$58,774,252. Total DCRP covered payroll was \$934,748. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan. Board and employee contributions to the DCRP for the year ended June 30, 2015 were \$28,363 and \$51,997, respectively.

**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, 2014 there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a 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 employer paid 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members for Fiscal Year 2014.

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](http://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**

<b><u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u></b>			
<b><u>Year Funding</u></b>	<b><u>Annual Post-Retirement Medical Contributions</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
06/30/15	\$3,375,221	100%	\$0
06/30/14	2,768,152	100%	0
06/30/13	2,985,746	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 Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

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, 2015, a liability existed for compensated absences in the Community School in the amount of \$27,404.

**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  
 AXA Equitable

**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.

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

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

Beginning balance, July 1, 2014	\$13,753,764
Board Resolution	2,000,000
Appropriated 14/15 Budget	249,500
Interest Earnings	<u>6,209</u>
Total Deposits	<u>2,255,709</u>
Withdrawal	
Appropriated 15/16 Budget	798,297
Transferred to Capital Projects Fund – (Net)	<u>8,079,649</u>
	<u>8,877,946</u>
Ending Balance June 30, 2015	<u>\$7,131,527</u>

The LRFPP balance of local support costs of uncompleted capital projects at June 30, 2015 is \$11,209,714. 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, 2015, the district transferred \$857,790 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, 2015, 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, 2015, 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, 2015:

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Board Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$133,243	\$200,626	\$76,149	\$2,056,879
2013-2014	37,466	605	65,358	1,799,159
2012-2013	81,772	350,563	132,781	1,826,446

**NOTE 13. INTERFUND RECEIVABLES AND PAYABLES**

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$	\$ 9,684,460
Special Revenue Fund		723,169
Capital Projects Fund	10,558,650	
Enterprise Funds		151,021
	<u>\$ 10,558,650</u>	<u>\$ 10,558,650</u>

**NOTE 14. INVENTORY**

Inventory in the Food Service Fund at June 30, 2015 consisted of the following:

Food	\$ 14,498
Supplies	<u>3,443</u>
	\$ <u>17,941</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 \$21,811,967 General Fund balance at June 30, 2015, \$10,451,584 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7 \$7,131,527 has been restricted in the Capital Reserve Account; \$2,091,238 is restricted for the Maintenance Reserve Account; \$1,570,516 has been assigned and included as anticipated revenue for the year ending June 30, 2016; \$210,331 is unassigned and \$356,771 has been committed as Reserve for Encumbrances.

**Debt Service Fund** - The Debt Service Fund had unassigned fund balance at June 30, 2015 in the amount of \$1.

**Capital Projects Fund** – The fund balance at June 30, 2015 is \$10,349,654. The entire amount of \$10,349,654 is restricted. Additional funding from SDA State Aid (\$860,060) is anticipated to finance unexpended project balances of \$11,209,714 at year-end.

**NOTE 16. DEFICIT FUND BALANCES**

The District did not have any deficit fund balances at June 30, 2015 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 cannot 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. 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, 2015 is \$5,440,252.

**NOTE 18. 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, 2015 is as follows:

Maintenance Reserve: The balance at the end of June 30, 2015 in this account was \$2,091,238.

**NOTE 19. PENDING LITIGATION AND CONTINGENT LIABILITIES**

- I. PENDING 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.

**NOTE 20. RESTATEMENT OF GOVERNMENTAL ACTIVITIES NET POSITION**

The District implemented the provisions of GASB Statement No. 68 effective July 1, 2014. The adoption of this standard required recognition in the Governmental Activities Net Position and Activities of the District's proportionate share of the net pension liability of the Public Employees Retirement System (PERS), and an associated deferred outflow of financial resources for payments made subsequent to the June 30, 2013 measurement date. Prior to the implementation of GASB Statement No. 68, no amounts were required to be reported in the District's financial statements for its share of the PERS net pension liability or for the specific deferred inflows and deferred outflows of financial resources attributable to the District resulting from Plan operations. PERS pension expenditures/expenses were reported in the year paid, which lags the period in which PERS employer contributions are recorded by one fiscal year. The new standard improves the information provided in government financial reports about pension-related costs, obligations and the resources available to satisfy those obligations. A prior period adjustment to effect a restatement of the June 30, 2014 Governmental Activities Net Position was required as follows:

Governmental Activities Net Position as Reported 06-30-14		\$58,283,060
June 30, 2013 Proportionate Share of PERS	(31,195,109)	
Accrued Pension Accounts Payable	(1,287,855)	
Less: Deferred Outflows of Resources for		
Payment Subsequent to Measurement Date	<u>1,287,855</u>	
Net Decrease in Governmental Activities Net Position		<u>(31,195,109)</u>
Net Decrease in Governmental Activities Net Position		<u>\$27,087,951</u>

**NOTE 21. SUBSEQUENT EVENTS**

As part of the District's on going plans for capital projects, the District's 2015/2016 adopted budget includes an amount of \$200,000 to be transferred to the Capital Projects Fund.

**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, 2015

Exhibit - C-1  
 Page 1 of 16

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 83,248,085	\$ -	\$ 83,248,085	\$ 83,248,085	\$ -
Tuition from Individuals	95,000	-	95,000	92,116	(2,884)
Tuition from Other LEAs within the State	4,361,971	-	4,361,971	3,870,413	(491,558)
Maintenance Reserve Interest	350	-	350	795	445
Capital Reserve Interest	10,000	-	10,000	6,209	(3,791)
Miscellaneous	125,000	-	125,000	205,419	80,419
<b>Total - Local Sources</b>	<b>87,840,406</b>	<b>-</b>	<b>87,840,406</b>	<b>87,423,037</b>	<b>(417,369)</b>
State Sources:					
School Choice Aid	858,591	-	858,591	858,591	-
Categorical Special Education Aid	2,923,993	-	2,923,993	2,923,993	-
Categorical Security Aid	741,886	-	741,886	741,886	-
Adjustment Aid	252,972	-	252,972	252,972	-
Categorical Transportation Aid	1,584,914	-	1,584,914	1,584,914	-
Other State Aid	99,220	-	99,220	115,750	16,530
Extraordinary Aid	-	-	-	1,216,972	1,216,972
Nonpublic School Transportation Aid	-	-	-	62,502	62,502
On-Behalf TPAF Pension	-	-	-	-	-
Contrib. - Not Budgeted	-	-	-	2,126,123	2,126,123
On-Behalf Post Retirement Medical	-	-	-	-	-
Contrib. - Not Budgeted	-	-	-	3,375,221	3,375,221
On-Behalf TPAF Soc. Sec.	-	-	-	-	-
Contrib. - Not Budgeted	-	-	-	2,794,477	2,794,477
<b>Total - State Sources</b>	<b>6,461,576</b>	<b>-</b>	<b>6,461,576</b>	<b>16,053,401</b>	<b>9,591,825</b>
Federal Sources:					
Medicaid Reimbursements	39,730	-	39,730	172,932	133,202
Impact Aid	5,000	-	5,000	8,098	3,098
<b>Total - Federal Sources</b>	<b>44,730</b>	<b>-</b>	<b>44,730</b>	<b>181,030</b>	<b>136,300</b>
<b>Total Revenues</b>	<b>94,346,712</b>	<b>-</b>	<b>94,346,712</b>	<b>103,657,468</b>	<b>9,310,756</b>

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

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	\$ 1,408,041	\$ (78,000)	\$ 1,330,041	\$ 1,311,337	\$ 18,704
Grades 1- 5	10,483,242	133,400	10,616,642	10,145,131	471,511
Grades 6- 8	5,358,642	(4,050)	5,354,592	5,093,549	261,043
Grades 9-12	8,297,228	(7,815)	8,289,413	7,951,173	338,240
Home Instr. - Reg. Prog.					
Salaries of Teachers	104,818	(5,000)	99,818	76,089	23,729
Other Salaries for Instruction		5,000	5,000	3,253	1,747
Purchased Profess./Educa. Serv.	75,000	1,500	76,500	66,005	10,495
Regular Programs - Undistrib. Instr.					
Other Salaries for Instruction	282,241	550	282,791	217,556	65,235
Purchased Profess./Educa. Serv.	142,000	250	142,250	134,725	7,525
Purchased Technical Serv.	83,439	(4,076)	79,363	66,172	13,191
Other Purchased Services	563,217	59,743	622,960	565,736	57,224
General Supplies	1,548,398	(21,189)	1,527,209	1,366,319	160,890
Textbooks	53,716	(16,364)	37,352	21,781	15,571
Other Objects	3,743	1,120	4,863	2,814	2,049
	28,403,725	65,069	28,468,794	27,021,640	1,447,154
Total Regular Programs					

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

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	\$ 809,926	\$ 52,060	\$ 861,986	\$ 861,972	\$ 14
Other Salaries for Instruction	149,007	(2,070)	146,937	98,588	48,349
Other Purchased Services	12,778	(11,878)	900		900
General Supplies	49,287	(16,810)	32,477	23,634	8,843
Textbooks	6,600	(3,000)	3,600	1,974	1,626
Other Objects	1,675	(474)	1,201	401	800
<b>Total Learning and/or Language Disabilities</b>	<u>1,029,273</u>	<u>17,828</u>	<u>1,047,101</u>	<u>986,569</u>	<u>60,532</u>
Resource Room/Resource Center					
Salaries of Teachers	3,333,527	(170,000)	3,163,527	3,158,255	5,272
Other Salaries for Instruction	500	-	500		500
General Supplies	12,000	(3,953)	8,047	8,047	-
Textbooks	2,500	(2,500)			-
<b>Total Resource Room/Resource Center</b>	<u>3,348,527</u>	<u>(176,453)</u>	<u>3,172,074</u>	<u>3,166,302</u>	<u>5,772</u>
Multiple Disabilities					
Salaries of Teachers	225,969	-	225,969	214,805	11,164
Other Salaries for Instruction	1,263,935	86,569	1,350,504	1,346,631	3,873
Purchased Prof. Educational Services	80,000	(3,500)	76,500	75,000	1,500
Other Purchased Services	800	-	800		800
General Supplies	30,000	(19,935)	10,065	9,159	906
<b>Total Multiply Handicapped</b>	<u>1,600,704</u>	<u>63,134</u>	<u>1,663,838</u>	<u>1,645,595</u>	<u>18,243</u>

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

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	\$ 474,168	\$ 50,000	\$ 524,168	\$ 503,157	\$ 21,011
Other Salaries for Instruction	192,681	5,634	198,315	178,487	19,828
Purch. Prof. Educ. Services	11,500	(6,500)	5,000	5,000	-
Purchased Technical Services	1,566	181	1,747	1,747	-
Other Purchased Services	1,300	1,700	3,000	1,616	1,384
General Supplies	14,550	-	14,550	12,267	2,283
Other Objects	3,000	(1,700)	1,300	777	523
	<u>698,765</u>	<u>49,315</u>	<u>748,080</u>	<u>703,051</u>	<u>45,029</u>
Total Preschool Disabilities FT					
	<u>6,677,269</u>	<u>(46,176)</u>	<u>6,631,093</u>	<u>6,501,517</u>	<u>129,576</u>
Total Special Education					
Basic Skills/Remedial					
Salaries of Teachers	764,362	(24,000)	740,362	721,374	18,988
Other Salaries for Instruction	31,664	-	31,664	19,798	11,866
General Supplies	3,050	(209)	2,841	1,640	1,201
	<u>799,076</u>	<u>(24,209)</u>	<u>774,867</u>	<u>742,812</u>	<u>32,055</u>
Total Basic Skills/Remedial					
Bilingual Education					
Salaries of Teachers	796,123	(35,895)	760,228	702,310	57,918
Other Salaries for Instr.	36,148	100	36,248	35,220	1,028
General Supplies	15,013	1,603	16,616	14,117	2,499
Textbooks	1,747	(346)	1,401	1,401	-
Other Objects	224	224	224	223	1
	<u>849,031</u>	<u>(34,314)</u>	<u>814,717</u>	<u>753,271</u>	<u>61,446</u>
Total Bilingual Education					



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

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
School-Sponsored Co./Extra Activities					
Salaries	\$ 248,055	\$ (13,900)	\$ 234,155	\$ 207,329	\$ 26,826
Purchased Services	10,900	13,900	24,800	24,125	675
Supplies and Materials	25,946	(1,000)	24,946	21,728	3,218
Other Objects	12,498	-	12,498	6,430	6,068
<b>Total School-Sponsored Cocurricular Activities</b>	<b>297,399</b>	<b>(1,000)</b>	<b>296,399</b>	<b>259,612</b>	<b>36,787</b>
School-Sponsored Athletics					
Salaries	803,280	\$ -	803,280	787,209	16,071
Purchased Services	78,218	4,950	83,168	66,667	16,501
Supplies and Materials	112,770	8,600	121,370	117,957	3,413
Other Objects	81,900	7,000	88,900	88,530	370
<b>Total School-Sponsored Athletics</b>	<b>1,076,168</b>	<b>20,550</b>	<b>1,096,718</b>	<b>1,060,363</b>	<b>36,355</b>
Before/After School Programs					
Salaries of Teachers	56,898	-	56,898	38,087	18,811
<b>Total Before/After School Programs</b>	<b>56,898</b>	<b>-</b>	<b>56,898</b>	<b>38,087</b>	<b>18,811</b>
Community Serv. Programs/Operations					
Salaries	45,422	-	45,422	13,141	32,281
Purchased Services	300	-	300	-	300
Supplies and Materials	400	-	400	-	400
<b>Total Community Serv. Prog./Oper.</b>	<b>46,122</b>	<b>-</b>	<b>46,122</b>	<b>13,141</b>	<b>32,981</b>
<b>Total Instruction</b>	<b>38,205,688</b>	<b>(20,080)</b>	<b>38,185,608</b>	<b>36,390,443</b>	<b>1,795,165</b>

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

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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	\$ 773,942	(15,837)	\$ 758,105	\$ 738,298	\$ 19,807
Tuition to Cnty. Voc. School Reg.	193,486	(60,000)	133,486	131,833	1,653
Tuition to Cnty. Voc. School - Spec.	80,185	(3,310)	76,875	20,456	56,419
Tuition to CSSD & Reg Day Schools	198,565	148,708	347,273	318,686	28,587
Tuition to Priv. Sch. for the Disabled - Within State	4,803,681	(375,157)	4,428,524	4,067,211	361,313
Tuition to Priv. Sch. Disabled Other LEAs-Spl - Out of State	185,903	80,593	266,496	250,334	16,162
Tuition - State Facilities	98,595	3,310	101,905	101,904	1
Tuition - Other	31,365	-	31,365	-	31,365
<b>Total Undistrib. Expend. - Instruc.</b>	<b>6,365,722</b>	<b>(221,693)</b>	<b>6,144,029</b>	<b>5,628,722</b>	<b>515,307</b>
Attendance and Social Work					
Salaries	49,914	585	50,499	50,472	27
Purchased Prof./Tech. Services	259	(249)	10	10	10
Supplies and Materials	1,000	(777)	223	223	-
<b>Total Attendance &amp; Social Work</b>	<b>51,173</b>	<b>(441)</b>	<b>50,732</b>	<b>50,695</b>	<b>37</b>
Health Services					
Salaries	1,001,280	(17,600)	983,680	955,720	27,960
Purchased Prof./Tech. Services	63,117	(10,847)	52,270	47,286	4,984
Other Purchased Services	950	-	950	830	120
Supplies and Materials	24,500	(2,840)	21,660	21,025	635
<b>Total Health Services</b>	<b>1,089,847</b>	<b>(31,287)</b>	<b>1,058,560</b>	<b>1,024,861</b>	<b>33,699</b>

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

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONTD.):					
Current Expense (Cont'd.):					
Other Supp. Serv. Stud.-Related Serv.					
Salaries	\$ 991,291	\$ (65,000)	\$ 926,291	\$ 911,858	\$ 14,433
Purch. Profess. - Educational Svcs.	678,700	300,698	979,398	849,349	130,049
Supplies and Materials	48,400	(522)	47,878	46,093	1,785
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Total Other Support Services					
Student - Related Services	1,718,391	235,176	1,953,567	1,807,300	146,267
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Other Supp. Serv. Stud.-Extra Serv.					
Salaries	1,987,496	(74,502)	1,912,994	1,863,759	49,235
Purch. Profess. - Educational Svcs.	65,000	(60,724)	4,276	4,276	-
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Total Other Support Services					
Student - Extra Services	2,052,496	(135,226)	1,917,270	1,868,035	49,235
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Other Supp. Serv. - Students - Reg.					
Salaries of Other Prof. Staff	1,754,050	61,900	1,815,950	1,809,631	6,319
Salaries of Secr. and Cler. Assts.	266,412	-	266,412	257,614	8,798
Purch. Profess. - Educational Svcs.	202,908	34,364	237,272	237,272	-
Other Purch. Prof. and Tech. Svcs.	4,045	2,120	6,165	6,165	-
Other Purchased Services	2,000	(595)	1,405	1,382	23
Supplies and Materials	27,300	2,050	29,350	28,503	847
Other Objects	300	315	615	305	310
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Total Other Support Services -					
Students - Regular	2,257,015	100,154	2,357,169	2,340,872	16,297
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MORRIS SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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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 -					
Child Study Teams					
Salaries of Other Prof. Staff	\$ 1,873,344	\$ (16,822)	\$ 1,856,522	\$ 1,718,878	\$ 137,644
Salaries of Secr. and Cler. Assts.	263,785	16,800	280,585	267,443	13,142
Other Purch. Prof. and Tech. Services	71,779	16,354	88,133	68,215	19,918
Misc. Purch. Svcs.	17,028	3,362	20,390	17,623	2,767
Supplies & Materials	39,500	(349)	39,151	39,151	-
Other Objects	1,500	2,690	4,190	4,112	78
<b>Total Other Support Services - Students -Special Services</b>	<b>2,266,936</b>	<b>22,035</b>	<b>2,288,971</b>	<b>2,115,422</b>	<b>173,549</b>
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	773,957	-	773,957	649,235	124,722
Salaries of Other Profess. Staff	154,659	34,000	188,659	188,270	389
Salaries of Secty. & Clerical Staff	54,937	1,000	55,937	53,361	2,576
Salaries of Facilitatotr, Math & Lit. Coaches	126,322	55,000	181,322	179,095	2,227
Purch. Prof. - Educ. Services	650	(125)	525	525	-
Other Purch. Prof. and Tech. Services	69,435	9,000	78,435	64,245	14,190
Other Purch. Services	5,900	-	5,900	3,443	2,457
Supplies and Materials	177,350	(21,711)	155,639	71,714	83,925
Other Objects	1,000	-	1,000	215	785
<b>Total Improvement of Instruction</b>	<b>1,364,210</b>	<b>77,164</b>	<b>1,441,374</b>	<b>1,210,103</b>	<b>231,271</b>

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

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	<u>ORIGINAL 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.):					
Undistributed Expenditures:					
Educational Media Serv./School Library					
Salaries	\$ 1,137,269	\$ (111,410)	\$ 1,025,859	\$ 991,077	\$ 34,782
Salaries of Technology Coordinators	424,292	36,000	460,292	459,952	340
Purchased Prof./Tech. Services	50,700	(2)	50,698	49,876	822
Other Purchased Services	5,111	(1,771)	3,340	1,393	1,947
Supplies and Materials	51,784	2,108	53,892	38,365	15,527
Other Objects	9,600	-	9,600	384	9,216
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Total Educ. Media Services/ School Library	1,678,756	(75,075)	1,603,681	1,541,047	62,634
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Instructional Staff Training Services					
Salaries of Other Profess. Staff	19,000	7,500	26,500	26,500	-
Salaries of Secty. & Clerical Staff	18,864	(750)	18,114	17,724	390
Purchased Prof./Educ. Services	104,100	(3,500)	100,600	40,840	59,760
Supplies and Materials	2,770	1,000	3,770	767	3,003
Other Objects	3,200	-	3,200	-	3,200
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Total Instructional Staff Training Serv	147,934	4,250	152,184	85,831	66,353
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MORRIS SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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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	\$ 308,103	\$ -	\$ 308,103	\$ 280,231	\$ 27,872
Legal Services	150,000	115,000	265,000	263,603	1,397
Audit Fees	40,000	-	40,000	37,479	2,521
Other Purchased Professional Serv.	285,000	(48,805)	236,195	73,076	163,119
Purchased Tech. Services	27,100	-	27,100	19,916	7,184
Communications/Telephone	368,725	65,000	433,725	212,819	220,906
BOE Other Purchased Services	4,300	-	4,300	-	4,300
Misc. Purchased Services	45,204	-	45,204	37,235	7,969
General Supplies	40,800	(7,093)	33,707	23,114	10,593
BOE In-House Training/Meeting Supplies	10,000	-	10,000	7,113	2,887
Misc. Expenditures	12,700	-	12,700	4,399	8,301
BOE Membership Dues & Fees	35,400	-	35,400	26,663	8,737
	-	-	-	-	-
<b>Total Support Serv. General Administration</b>	<b>1,327,332</b>	<b>124,102</b>	<b>1,451,434</b>	<b>985,648</b>	<b>465,786</b>
Support Serv. School Administration					
Salaries of Principals/					
Asst. Principals	2,308,782	238,500	2,547,282	2,360,191	187,091
Salaries of Other Professional Staff	5,528	3,500	9,028	8,589	439
Salaries of Secty. and Cler. Assts.	936,054	-	936,054	933,135	2,919
Purchased Prof. Tech. Services	22,071	10,806	32,877	31,541	1,336
Other Purchased Services	27,252	(8,985)	18,267	7,502	10,765
Supplies and Materials	52,790	(4,449)	48,341	38,783	9,558
Other Objects	8,406	(798)	7,608	5,050	2,558
<b>Total Support Serv. School Admin.</b>	<b>3,360,883</b>	<b>238,574</b>	<b>3,599,457</b>	<b>3,384,791</b>	<b>214,666</b>
Central Services					
Salaries	1,235,330	6,150	1,241,480	1,239,725	1,755
Purchased Prof. Services	80,000	(7,000)	73,000	2,238	70,762
Purchased Technical Services	50,120	(221)	49,899	40,776	9,123
Misc. Purchased Services	181,095	5,000	186,095	108,058	78,037
Supplies and Materials	29,000	-	29,000	10,961	18,039
Misc. Expenditures	15,250	-	15,250	(1,262)	16,512
<b>Total Central Services</b>	<b>1,590,795</b>	<b>3,929</b>	<b>1,594,724</b>	<b>1,400,496</b>	<b>194,228</b>

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

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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.):					
Undistributed Expenditures:					
Administrative Info. Technology					
Salaries	\$ 208,474	\$ 1,000	\$ 209,474	\$ 209,474	\$ -
Purch. Professional Services	9,900	-	9,900	9,884	16
Purch. Technical Services	196,501	-	196,501	184,109	12,392
Other Purchased Services	41,800	-	41,800	39,770	2,030
Supplies and Materials	1,150	615	1,765	1,740	25
Other Objects	1,390	-	1,390	1,390	-
Total Admin. Info. Technology	<u>459,215</u>	<u>1,615</u>	<u>460,830</u>	<u>446,367</u>	<u>14,463</u>
Interest on Maintenance Reserve	350	-	350		350
Req. Maint. For School Facilities					
Salaries	645,049	38,800	683,849	635,970	47,879
Cleaning, Repair & Maint. Services	977,495	194,747	1,172,242	1,107,642	64,600
General Supplies	242,180	3,554	245,734	237,703	8,031
Other Objects	9,080	207	9,287	5,731	3,556
Total Req. Maint Sch. Facilities	<u>1,873,804</u>	<u>237,308</u>	<u>2,111,112</u>	<u>1,987,046</u>	<u>124,066</u>
Custodial Services					
Salaries	2,472,860	(13,245)	2,459,615	2,444,513	15,102
Salaries of Non-Instructional Aides	119,098	(2,500)	116,598	97,489	19,109
Purchased Prof. and Tech. Services	317,470	4,042	321,512	221,496	100,016
Cleaning, Repair & Maint. Services	242,500	(30,589)	211,911	202,204	9,707
Other Purchased Property Services	214,000	-	214,000	172,695	41,305
Insurance	378,815	-	378,815	305,813	73,002
Misc. Purchased Services	5,000	(3,800)	1,200	293	907
General Supplies	263,250	194	263,444	263,444	-
Energy (Natural Gas)	735,000	(125,000)	610,000	401,251	208,749
Energy (Electricity)	1,273,000	(125,000)	1,148,000	766,384	381,616
Energy (Gasoline)	52,290	-	52,290	27,141	25,149
Other Objects	22,600	(2,401)	20,199	16,110	4,089
Total Custodial Services	<u>6,095,883</u>	<u>(298,299)</u>	<u>5,797,584</u>	<u>4,918,833</u>	<u>878,751</u>

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

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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	\$ 444,332	\$ -	\$ 444,332	\$ 426,379	\$ 17,953
Cleaning, Repair & Maint. Services	53,000	(8,900)	44,100	44,093	7
General Supplies	60,500	1,642	62,142	61,929	213
<b>Total Care and Upkeep of Grounds</b>	<b>557,832</b>	<b>(7,258)</b>	<b>550,574</b>	<b>532,401</b>	<b>18,173</b>
Security					
Salaries	476,118	(7,768)	468,350	410,702	57,648
Purchased Tech Service		9,400	9,400	9,395	5
<b>Total Security</b>	<b>476,118</b>	<b>1,632</b>	<b>477,750</b>	<b>420,097</b>	<b>57,653</b>
<b>Total Maint. &amp; Custodial Serv.</b>	<b>9,003,987</b>	<b>(66,617)</b>	<b>8,937,370</b>	<b>7,858,377</b>	<b>1,078,993</b>
Student Transportation Services					
Salaries for Pupil Transportation (Between Home & School) - Regular	812,910	26,000	838,910	810,602	28,308
Salaries for Pupil Transportation (Between Home & School) - Special	386,622	-	386,622	299,530	87,092
Salaries for Pupil Transportation (Other than Between Home & School)	297,540	-	297,540	285,676	11,864
Management Fee-ESC Transport. Prog.	88,414	(310)	88,104	64,959	23,145
Other Purch. Prof./Tech. Serv.	13,961	84	14,045	10,988	3,057
Cleaning, Repair, and Maint. Services	20,000	10,000	30,000	21,554	8,446
Rental Payments - School Buses	15,000	-	15,000	1,650	13,350
Contracted Services - Aid in Lieu of Payments	344,760	-	344,760	308,362	36,398
Contracted Services (Between Home & School) - Vendors	1,973,888	-	1,973,888	1,829,928	143,960
Contracted Services (Other than Between Home & School)-Vendors	103,000	-	103,000	23,570	79,430
Contracted Services (Sp. Ed. Stds) - Vendors	531,214	(10,000)	521,214	377,101	144,113
Contracted Services (Regular Students) ESCs	155,433	-	155,433	151,421	4,012
Contracted Services (Special Ed. Students) ESCs	1,726,438	(9,150)	1,717,288	1,536,117	181,171
Misc. Purch. Serv. - Transportation	61,647	-	61,647	53,990	7,657
General Supplies	308,000	(1,000)	307,000	260,820	46,180
Miscellaneous Expenditures	8,300	1,000	9,300	4,791	4,509
<b>Total Student Transportation Services</b>	<b>6,847,127</b>	<b>16,624</b>	<b>6,863,751</b>	<b>6,041,059</b>	<b>822,692</b>



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

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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	\$ 61,152	\$ -	\$ 61,152	\$ 52,668	\$ 8,484
Social Security Contributions	1,440,133	-	1,440,133	1,239,544	200,589
Other Retirement Contrib. - PERS	1,473,100	-	1,473,100	1,357,953	115,147
Unemployment Compensation	385,000	-	385,000	200,000	185,000
Workmen's Compensation	536,496	-	536,496	352,705	183,791
Health Benefits	11,630,204	(130,000)	11,500,204	10,706,082	794,122
Tuition Reimbursements	210,000	-	210,000	147,510	62,490
Other Employee Benefits	389,000	-	389,000	286,056	102,944
<b>Total Unallocated Benefits</b>	<b>16,125,085</b>	<b>(130,000)</b>	<b>15,995,085</b>	<b>14,342,518</b>	<b>1,652,567</b>
On-Behalf TPAF Pension			-		
Contrib. - Not Budgeted		-		2,126,123	(2,126,123)
On-Behalf Post Retirement Medical					
Contrib. - Not Budgeted				3,375,221	(3,375,221)
On-Behalf TPAF Soc. Sec.			-		
Contrib. - Not Budgeted		-		2,794,477	(2,794,477)
<b>Total Undistributed Expenditures</b>	<b>57,706,904</b>	<b>163,284</b>	<b>57,870,188</b>	<b>60,427,965</b>	<b>(2,557,777)</b>
<b>Total Expenditures - Current Expense</b>	<b>95,912,592</b>	<b>143,204</b>	<b>96,055,796</b>	<b>96,818,408</b>	<b>(762,612)</b>

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

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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	\$ -	\$ 10,000	\$	10,000
Equipment:					
Regular Programs - Instruction					
Grades 1-5	36,800	(538)	36,262	20,700	15,562
Grades 6-8	36,700	8,939	45,639	31,660	13,979
Grades 9-12	239,482	(781)	238,701	112,271	126,430
Preschool Disabilities - Full-Time	6,750	-	6,750	6,234	516
School-Sponsored and Other Instructional Program	35,000	-	35,000	24,250	10,750
CST Instructional Equip		2,400	2,400	2,400	-
Central Services	30,300	-	30,300	-	30,300
Administration Info. Technology	55,500	8,129	63,629	63,629	-
Required Maintenance for School Facilities	280,000	7,247	287,247	250,436	36,811
Custodial Services	6,000	(4,000)	2,000	-	2,000
Care and Upkeep of Grounds	51,000	(7,691)	43,309	9,971	33,338
Student Trans - Non-Inst. Equip	9,000	-	9,000	8,795	205
School Buses - Regular	355,000	99,215	454,215	191,047	263,168
Non-Instruc. Services	20,000	-	20,000	-	20,000
	-	-	-	-	-
Total Equipment	<u>1,161,532</u>	<u>112,920</u>	<u>1,274,452</u>	<u>721,393</u>	<u>553,059</u>
Facilities Acquis. & Constr. Services					
Assessment for Debt Service on SDA Funding	<u>37,738</u>	<u>-</u>	<u>37,738</u>	<u>37,738</u>	<u>-</u>
Total Facil. Acquis. & Constr. Serv.	<u>37,738</u>	<u>-</u>	<u>37,738</u>	<u>37,738</u>	<u>-</u>
Assets Acquired Under Capital					
Leases (non-budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,744</u>	<u>(73,744)</u>
Total Assets Acq. Under Capital Leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,744</u>	<u>(73,744)</u>
Total Capital Outlay	<u>1,209,270</u>	<u>112,920</u>	<u>1,322,190</u>	<u>832,875</u>	<u>489,315</u>

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

Exhibit - C-1  
 Page 15 of 16

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Total Expenditures	\$ 97,121,862	\$ 256,124	\$ 97,377,986	\$ 97,651,283	\$ (273,297)
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,775,150)</u>	<u>(256,124)</u>	<u>(3,031,274)</u>	<u>6,006,185</u>	<u>9,037,459</u>
Other Financing Sources (Uses)					
Capital Reserve Transf. To Capital. Projects	(134,203)	(8,000,000)	(8,134,203)	(8,079,649)	54,554
Capital Outlay Transf. To Capital Projects	(972,790)	-	(972,790)	(857,790)	115,000
Capital Leases Non-Budgeted				73,744	73,744
Transfer of Funds to Charter School	(1,107,354)	-	(1,107,354)	(1,098,226)	9,128
Operating Transfers Out - Food Service	<u>(300,000)</u>	<u>-</u>	<u>(300,000)</u>	<u>(136,063)</u>	<u>163,937</u>
Total Other Financing Sources (Uses)	<u>(2,514,347)</u>	<u>(8,000,000)</u>	<u>(10,514,347)</u>	<u>(10,097,984)</u>	<u>416,363</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	(5,289,497)	(8,256,124)	(13,545,621)	(4,091,799)	9,453,822
Fund Balances, July 1	<u>27,723,418</u>	<u>-</u>	<u>27,723,418</u>	<u>27,723,418</u>	<u>-</u>
<b>Fund Balances, June 30</b>	<b><u>\$ 22,433,921</u></b>	<b><u>\$ (8,256,124)</u></b>	<b><u>\$ 14,177,797</u></b>	<b><u>\$ 23,631,619</u></b>	<b><u>\$ 9,453,822</u></b>

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

Exhibit - C-1  
 Page 16 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>
<b>Recapitulation:</b>					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for					
Subsequent Years Expenditures				\$ 5,011,332	
Reserve for Excess Surplus				5,440,252	
Maintenance Reserve				2,091,238	
Capital Reserve				7,131,527	
Committed Fund Balance:					
Year-end Encumbrances				356,771	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				638,016	
Designated for Subsequent Year's Expenditures-					
Capital Reserve				932,500	
Unassigned Fund Balance				<u>2,029,983</u>	
<b>Fund Balance per Budgetary Basis (GAAP)</b>				<b>\$ <u>23,631,619</u></b>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				(602,680)	
Extraordinary Aid Payment				<u>(1,216,972)</u>	
<b>Fund Balance per Governmental Funds (GAAP)</b>				<b>\$ <u>21,811,967</u></b>	

Morris School District  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Revenue from Local Sources	\$ 57,225	\$ 224,684.72	\$ 281,910	\$ 216,491	\$ (65,419)
Total - Local Sources	57,225	224,685	281,910	216,491	(65,419)
State Sources:					
Nonpublic Aid	526,788	261,879	788,667	718,301	(70,366)
Preschool Education	234,300	-	234,300	234,300	-
Total - State Sources	761,088	261,879	1,022,967	952,601	(70,366)
Federal Sources:					
Title I Part A	452,045	49,421	501,466	426,794	(74,672)
Title I Part D		53,115	53,115	51,260	(1,855)
Title II	132,527	42,146	174,673	153,642	(21,031)
Title III Immigrant		57,041	57,041	54,561	(2,480)
Title III	131,518	68,342	199,860	156,743	(43,117)
Perkins Grant	32,084	4,610	36,694	36,694	-
I.D.E.A., Part B - Regular	1,257,671	484,710	1,742,381	1,479,555	(262,826)
I.D.E.A., Part B - Preschool		47,685	47,685	46,601	(1,084)
Improving Achievement for Special Education	6,390	(2,286)	4,104	4,104	-
Total - Federal Sources	2,012,235	804,784	2,817,019	2,409,954	(407,065)
Total Revenues	2,830,548	1,291,347	4,121,895	3,579,046	(542,850)
<b>EXPENDITURES:</b>					
Instruction					
Salaries of Teachers	805,180	(23,986)	781,194	727,918	53,276
Salaries of Other Professional Staff	32,084	6,886	38,970	27,720	11,250
Other Salaries for Instruc.	6,600	-	6,600	6,600	-
Purchased Professional - Educational Services	148,921	(65,277)	83,644	73,021	10,623
Other Purchased Services (400-500 series)		34,713	34,713	26,959	7,754

Morris School District  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Instruction (cont'd)					
General Supplies	315,389	46,539	361,928	301,761	60,167
Textbooks	126,998	34,584	161,582	116,461	45,121
Other Objects	90	(90)			-
Total instruction	<u>1,435,262</u>	<u>33,368</u>	<u>1,468,630</u>	<u>1,280,440</u>	<u>188,190</u>
<b>EXPENDITURES (CONT'D):</b>					
Support Services					
Salaries of Teachers		54,448	54,448	54,448	-
Salaries of Other Professional Staff		56,837	56,837	55,693	1,144
Other Salaries		24,000	24,000	10,841	13,159
Personal Services - Employee Benefits		174,260	174,260	136,543	37,717
Purchased Professional - Educational Services	395,286	690,691	1,085,977	787,334	298,643
Other Purchased Professional Services		30,551	30,551	30,550	1
Purchased Technical Services		7,600	7,600	7,600	-
Tuition	1,000,000	170,055	1,170,055	1,170,055	-
Transportation		928	928	928	-
Travel		15,018	15,018	12,817	2,201
Other Purchased Services		1,793	1,793		1,793
Supplies & Materials		19,180	19,180	19,180	-
Total support services	<u>1,395,286</u>	<u>1,245,362</u>	<u>2,640,648</u>	<u>2,285,989</u>	<u>354,659</u>
Facilities acquisition and construction services:					
Instructional Equipment		12,617	12,617	12,617	-
Total facilities acquisition and construction services	<u>-</u>	<u>12,617</u>	<u>12,617</u>	<u>12,617</u>	<u>-</u>
Total Expenditures	2,830,548	1,291,347	4,121,895	3,579,046	542,849
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO THE REQUIRED**  
**SUPPLEMENTARY INFORMATION – PART II**

MORRIS BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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)	\$ 103,657,468	(C-2)	\$ 3,579,046
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				(362)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.		(1,819,652)		
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		<u>1,478,215</u>		
<b>Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)</b>	<b>(B-2)</b>	<b><u>103,316,031</u></b>	<b>(B-2)</b>	<b><u>3,578,684</u></b>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule Includes( rounding differences)	(C-1)	97,651,283	(C-2)	3,579,046
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				(362)
<b>Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds</b>	<b>(B-2)</b>	<b><u>97,651,283</u></b>	<b>(B-2)</b>	<b><u>3,578,684</u></b>



**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART III**

**SCHEDULES RELATED TO ACCOUNTING AND  
REPORTING FOR PENSIONS (GASB 68)**

**SECTION – L**

**(Section numbering as per N.J. Department of Education  
2014-2015 Audit Program)**

MORRIS SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

Last 10 Fiscal Years\*

	<u>2013</u>	<u>2014</u>
District's Proportion of the Net Pension Liability	0.001632227	0.0015622
District's Proportionate Share of the Net Pension Liability	\$31,195,109	\$29,248,653
District's Covered-Employee Payroll	\$10,045,414	\$10,250,422
District's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	310.54%	285.34%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	48.72%	52.08%

\* Amounts presented for each fiscal year were determined as of June 30.

MORRIS SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

Last 10 Fiscal Years\*

	<u>2014</u>	<u>2015</u>
Contractually Required Contribution	\$ 1,229,850	\$ 1,287,855
Contribution in Relation to Contractually Required Contribution	<u>\$ (1,229,850)</u>	<u>\$ (1,287,855)</u>
Contribution deficiency (excess)	\$ -	\$ -
District's Proportionate Share of the Payroll	\$ 10,047,794	\$ 10,253,623
Contributions as a percentage of Covered Employee Payroll	12.24%	12.56%

\* Amounts presented for each fiscal year were determined as of June 30.

MORRIS SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S SHARE OF THE NET PENSION LIABILITY  
TEACHERS PENSION AND ANNUITY FUND ( Non-State Employer Group)

	<u>Last 10 Fiscal Years*</u>	
	<u>2013</u>	<u>2014</u>
Proportion of the Non-State Employer Group Net Pension Liability attributable to the District	0.004086490	0.003990827
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group	\$206,528,007	\$213,296,708
District's Covered-Employee Payroll	\$37,471,580	\$38,236,306
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group as a percentage of the District's Covered-Employee Payroll	551.16%	557.84%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (See Note Below)	33.76%	33.64%

\* Amounts presented for each fiscal year were determined as of June 30.

Note: Percentages shown are Plan-wide, and include NPL and PFNP data that include employees of the State of New Jersey.

**NOTES TO THE REQUIRED  
SUPPLEMENTARY INFORMATION – PART III**

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

**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION  
JUNE 30, 2015**

**NOTE 1. CHANGES IN ASSUMPTIONS**

Net pension liabilities for the years ended June 30, 2013 and 2014 were based on RP-2000 mortality tables utilizing actuarial experience studies covering the following periods:

TPAF: July 1, 2009 to June 30, 2012

PERS: July 1, 2008 to June 30, 2011

**OTHER SUPPLEMENTARY INFORMATION**



**SCHOOL LEVEL SCHEDULES**

**SECTION – D**

**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, 2015

	Total Brought Forward (Ex. E-1a)	Title I Part A 2014-2015	I.D.E.A. Part B Basic Regular 2014-2015	TITLE I PART D 2014-2015	TITLE III IMMIGRANT 2014-2015	TITLE III REGULAR 2014-2015	Totals 2015
<b>REVENUES:</b>							
State Sources	\$ 952,601		\$	\$	\$	\$	\$ 952,601
Federal Sources	241,041	426,794	1,479,555	51,260	54,561	156,743	2,409,954
Local Sources	216,491						216,491
<b>Total Revenues</b>	<b>1,410,133</b>	<b>426,794</b>	<b>1,479,555</b>	<b>51,260</b>	<b>54,561</b>	<b>156,743</b>	<b>3,579,046</b>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers	210,248	346,398	79,746	42,155	44,869	4,503	727,918
Salaries of Other Professional Staff	9,694					18,025	27,720
Other Salaries for Instruc.	6,600						6,600
Purch. Prof. - Educ. Services	73,021						73,021
Other Purch. Services	26,959						26,959
General Supplies	203,785	2,339	36,956			58,681	301,761
Textbooks	116,461						116,461
Other Objects							
<b>Total Instruction</b>	<b>646,769</b>	<b>348,736</b>	<b>116,702</b>	<b>42,155</b>	<b>44,869</b>	<b>81,209</b>	<b>1,280,440</b>
Support Services:							
Salaries of Teachers			54,448				54,448
Salaries of Other Prof. Staff		1,859				53,834	55,693
Salaries of Sec. & Clerical Asst.						2,841	10,841
Other Salaries		8,000					8,000
Personal Services - Empl. Benefits	23,632	64,699	15,846	9,105	9,692	13,569	136,543
Purch. Prof. - Educ. Services	615,638		167,196			4,500	787,334
Other Purch. Prof. Services	30,550						30,550
Purch. Technical Services	4,100	3,500					7,600
Tuition	46,601		1,123,454				1,170,055
Transportation	928						928
Travel	12,027					789	12,817
Supplies and Materials	17,271		1,909				19,180
<b>Total Support Services</b>	<b>750,747</b>	<b>78,058</b>	<b>1,362,853</b>	<b>9,105</b>	<b>9,692</b>	<b>75,534</b>	<b>2,285,989</b>
Facilities Acquis. & Const. Serv.:							
Instructional Equipment	12,617						12,617
<b>Total Facil. Acquis. &amp; Const. Serv.</b>	<b>12,617</b>						<b>12,617</b>
<b>Total Expenditures</b>	<b>\$ 1,410,133</b>	<b>\$ 426,794</b>	<b>\$ 1,479,555</b>	<b>\$ 51,260</b>	<b>\$ 54,561</b>	<b>\$ 156,743</b>	<b>\$ 3,579,046</b>

MORRIS SCHOOL DISTRICT  
 SPECIAL REVENUE FUND  
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Total Brought Forward (Ex. E-1b)	IDEA PRESCHOOL 2014-2015	TITLE II 2014-2015	CARL PERKINS	Total Carried Forward
<u>REVENUES:</u>					
State Sources	\$ 952,601				\$ 952,601
Federal Sources	4,104	46,601	153,642	36,694	241,041
Local Sources	<u>216,491</u>				<u>216,491</u>
Total Revenues	<u>1,173,196</u>	<u>46,601</u>	<u>153,642</u>	<u>36,694</u>	<u>1,410,133</u>
<u>EXPENDITURES:</u>					
Instruction:					
Salaries of Teachers	100,840		109,408		210,248
Salaries of Other Professional Staff	9,694				9,694
Other Salaries for Instruc.	6,600				6,600
Purch. Prof. - Educ. Services	70,941			2,080	73,021
Other Purch. Services	26,959				26,959
General Supplies	181,788			21,997	203,785
Textbooks	116,461				116,461
Other Objects					
Total Instruction	<u>513,284</u>		<u>109,408</u>	<u>24,077</u>	<u>646,769</u>
Support Services:					
Salaries of Teachers					
Salaries of Other Prof. Staff					
Salaries of Sec. & Clerical Asst.					
Other Salaries					
Personal Services - Empl. Benefits			23,632		23,632
Purch. Prof. - Educ. Services	596,770		18,868		615,638
Other Purch. Prof. Services	30,550				30,550
Purch. Technical Services	4,100				4,100
Tuition		46,601			46,601
Transportation	928				928
Travel	10,293		1,734		12,027
Supplies and Materials	17,271				17,271
Miscellaneous Expenditures					
Total Support Services	<u>659,912</u>	<u>46,601</u>	<u>44,234</u>		<u>750,747</u>
Facilities Acquis. & Const. Serv.:					
Instructional Equipment				12,617	12,617
Total Facil. Acquis. & Const. Serv.				<u>12,617</u>	<u>12,617</u>
Total Expenditures	<u>\$ 1,173,196</u>	<u>\$ 46,601</u>	<u>\$ 153,642</u>	<u>\$ 36,694</u>	<u>\$ 1,410,134</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, 2015

	Total Brought Forward (Ex. E-1c)	N.J. Auxillary Services Ch. 192		N.J. Nonpublic Handicapped Services Ch. 193			Nonpublic Nursing	Nonpublic Technology	Nonpublic Textbooks	Total Carried Forward
		Home Instruction	Compensatory Education	Supplemental Instruction	Examination & Classification	Corrective Speech				
<b>REVENUES:</b>										
State Sources	\$ 234,300	\$ 12,354	\$ 76,412	\$ 27,072	\$ 84,285	\$ 57,604	\$ 257,329	\$ 86,784	\$ 116,461	\$ 952,601
Federal Sources	4,104									4,104
Local Sources	216,491									216,491
<b>Total Revenues</b>	<b>454,895</b>	<b>12,354</b>	<b>76,412</b>	<b>27,072</b>	<b>84,285</b>	<b>57,604</b>	<b>257,329</b>	<b>86,784</b>	<b>116,461</b>	<b>1,173,196</b>
<b>EXPENDITURES:</b>										
Instruction:										
Salaries of Teachers	100,840									100,840
Salaries of Other Professional Staff	8,394	1,300								9,694
Other Salaries for Instruc.	6,600									6,600
Purch. Prof. - Educ. Services	32,815	11,054		27,072						70,941
Other Purch. Services	26,959									26,959
General Supplies	95,004							86,784		181,788
Textbooks									116,461	116,461
Other Objects										
<b>Total Instruction</b>	<b>270,613</b>	<b>12,354</b>		<b>27,072</b>				<b>86,784</b>	<b>116,461</b>	<b>513,284</b>
Support Services:										
Salaries of Teachers										
Salaries of Other Prof. Staff										
Personal Services - Empl. Benefits										
Purch. Prof. - Educ. Services	121,140		76,412		84,285	57,604	257,329			596,770
Other Purch. Prof. Services	30,550									30,550
Purch. Technical Services	4,100									4,100
Tuition										
Transportation	928									928
Travel	10,293									10,293
Supplies and Materials	17,271									17,271
Miscellaneous Expenditures										
<b>Total Support Services</b>	<b>184,282</b>		<b>76,412</b>		<b>84,285</b>	<b>57,604</b>	<b>257,329</b>			<b>659,912</b>
Facilities Acquis. & Const. Serv.:										
Instructional Equipment										
<b>Total Facil. Acquis. &amp; Const. Serv.</b>										
<b>Total Expenditures</b>	<b>\$ 454,895</b>	<b>\$ 12,354</b>	<b>\$ 76,412</b>	<b>\$ 27,072</b>	<b>\$ 84,285</b>	<b>\$ 57,604</b>	<b>\$ 257,329</b>	<b>\$ 86,784</b>	<b>\$ 116,461</b>	<b>\$ 1,173,196</b>

MORRIS SCHOOL DISTRICT  
 SPECIAL REVENUE FUND  
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Total Brought Forward (Ex. E-1d)	IMPROVING ACHIEVEMENT FOR SPECIAL EDUC	SANTORA FOUNDATION	NJSBAIG SAFETY GRANT	PRESCHOOL EDUCATION	Total Carried Forward
<u>REVENUES:</u>						
State Sources	\$	\$	\$	\$	\$ 234,300	\$ 234,300
Federal Sources		4,104				4,104
Local Sources	164,771		995	50,725		216,491
Total Revenues	164,771	4,104	995	50,725	234,300	454,895
<u>EXPENDITURES:</u>						
Instruction:						
Salaries of Teachers					100,840	100,840
Salaries of Other Professional Staff	8,394					8,394
Other Salaries for Instruc.					6,600	6,600
Purch. Prof. - Educ. Services	32,815					32,815
Other Purch. Services	26,959					26,959
General Supplies	82,180	1,104			11,720	95,004
Textbooks						
Other Objects						
Total Instruction	150,349	1,104			119,160	270,613
Support Services:						
Salaries of Teachers						
Salaries of Other Prof. Staff						
Personal Services - Empl. Benefits					115,140	121,140
Purch. Prof. - Educ. Services	3,000	3,000				30,550
Other Purch. Prof. Services				30,550		4,100
Purch. Technical Services				4,100		
Tuition						928
Transportation	928					
Travel	10,293					10,293
Supplies and Materials	201		995	16,075		17,271
Miscellaneous Expenditures						
Total Support Services	14,422	3,000	995	50,725	115,140	184,282
Facilities Acquis. & Const. Serv.:						
Instructional Equipment						
Total Facil. Acquis. & Const. Serv.						
Total Expenditures	\$ 164,771	\$ 4,104	\$ 995	\$ 50,725	\$ 234,300	\$ 454,895

MORRIS SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Total Brought Forward (Ex. E-1e)	HONEYWELL	PFIZER	MISC	Total Carried Forward
<u>REVENUES:</u>					
State Sources	\$	\$	\$	\$	\$
Federal Sources					
Local Sources	149,911	606	12,199	2,056	164,771
Total Revenues	149,911	606	12,199	2,056	164,771
<u>EXPENDITURES:</u>					
Instruction:					
Salaries of Teachers					8,394
Salaries of Other Professional Staff	4,250		4,144		
Other Salaries for Instruc.					32,815
Purch. Prof. - Educ. Services	32,815				26,959
Other Purch. Services	24,998	606		1,356	82,180
General Supplies	80,585		1,595		
Textbooks					
Other Objects					
Total Instruction	142,648	606	5,740	1,356	150,349
Support Services:					
Salaries of Teachers					
Salaries of Other Prof. Staff					
Personal Services - Empl. Benefits					3,000
Purch. Prof. - Educ. Services			3,000		
Other Purch. Prof. Services					
Purch. Technical Services					
Tuition					928
Transportation	928				10,293
Travel	6,335		3,258	700	201
Supplies and Materials			201		
Miscellaneous Expenditures					
Total Support Services	7,263		6,459	700	14,422
Facilities Acquis. & Const. Serv.:					
Instructional Equipment					
Total Facil. Acquis. & Const. Serv.					
Total Expenditures	\$ 149,911	\$ 606	\$ 12,199	\$ 2,056	\$ 164,771

MORRIS SCHOOL DISTRICT  
 SPECIAL REVENUE FUND  
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	MUNICIPAL ALLIANCE	TARGET GRANT	WONG FAMILY DONATION/ LIBRARY	BAYER	MORRIS EDUCATION FOUNDATION	Total Carried Forward
<u>REVENUES:</u>						
State Sources	\$	\$	\$	\$	\$	\$
Federal Sources						
Local Sources	937	321	15	5,814	142,825	149,911
Total Revenues	937	321	15	5,814	142,825	149,911
<u>EXPENDITURES:</u>						
Instruction:						
Salaries of Teachers					4,250	4,250
Salaries of Other Professional Staff						
Other Salaries for Instruc.					32,815	32,815
Purch. Prof. - Educ. Services					24,998	24,998
Other Purch. Services			15		79,634	80,585
General Supplies	937					
Textbooks						
Other Objects						
Total Instruction	937		15		141,697	142,648
Support Services:						
Salaries of Teachers						
Salaries of Other Prof. Staff						
Personal Services - Empl. Benefits						
Purch. Prof. - Educ. Services						
Other Purch. Prof. Services						
Purch. Technical Services						
Tuition					928	928
Transportation					200	6,335
Travel		321		5,814		
Supplies and Materials						
Miscellaneous Expenditures						
Total Support Services		321		5,814	1,128	7,263
Facilities Acquis. & Const. Serv.:						
Instructional Equipment						
Total Facil. Acquis. & Const. Serv.						
Total Expenditures	\$ 937	\$ 321	\$ 15	\$ 5,814	\$ 142,825	\$ 149,911



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

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>EXPENDITURES</u>			
Instruction:			
Salaries of Teachers	\$ 100,840	\$ 100,840	\$ -
Other Salaries for Instruc.	6,600	6,600	-
General Supplies	<u>11,720</u>	<u>11,720</u>	<u>-</u>
Total Instruction	<u>119,160</u>	<u>119,160</u>	<u>-</u>
Support Services:			
Purch. Prof. - Educ. Services	112,200	112,200	-
Other Purch. Prof. serv.	<u>2,940</u>	<u>2,940</u>	<u>-</u>
Total Support Services	<u>115,140</u>	<u>115,140</u>	<u>-</u>
Total Expenditures	<u>\$ 234,300</u>	<u>\$ 234,300</u>	<u>\$ -</u>
Total Revised 2014-15 Preschool Education Aid Allocation			\$ 234,300
Actual Preschool Aid Carryover (June 30, 2014)			<u>-</u>
Total Preschool Education Funds Available 2014-15 Budget			234,300
Less: 2014-15 Budgeted Preschool Education Aid (Incl. Prior Year Budgeted Carryover)			<u>234,300</u>
Available & Unbudgeted Preschool Education Funds as of June 30, 2015			-
Add: June 30, 2015 Unexpended Preschool Education Aid			<u><u>                    </u></u>
2014-2015 Actual Carryover - Preschool Education Aid			<u><u>                    </u></u>
2014-15 Preschool Ed Aid Carryover Budgeted in 2015-2016			\$ <u><u>                    </u></u>

**CAPITAL PROJECTS FUND**

**SECTION – F**

MORRIS BOARD OF EDUCATION  
 SUMMARY STATEMENT OF PROJECT EXPENDITURES  
 CAPITAL PROJECTS FUND  
 FISCAL YEAR ENDED JUNE 30, 2015

<u>PROJECT TITLE / ISSUE</u>	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>		<u>UNEXPENDED BALANCE</u>
		<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>	
<u>FY 2013</u>				
Transportation Retaining Wall	\$ 832,657	\$ 745,377	\$ 81,280	\$ 6,000
<u>FY 2014</u>				
MHS Pool HVAC	530,409	133,044	397,365	-
MHS Expansion	10,755,000	55,006	1,035,099	9,664,895
FMS Renovation	3,210,530	3,077,986	132,544	-
AH Window	1,043,750	54,339	118,527	870,884
Sussex Repointing	74,000	4,447	1,220	68,333
<u>FY 2015</u>				
MHS Repointing	355,000	19,381	4,903	330,716
AH Repointing	38,400	3,368	1,296	33,736
MHS Fire Alarm Upgrade	288,200	38,440	14,610	235,150
<b>Totals</b>	<b>\$ <u>17,127,946</u></b>	<b>\$ <u>4,131,388</u></b>	<b>\$ <u>1,786,844</u></b>	<b>\$ <u>11,209,714</u></b>

Analysis of Balance(s) - June 30, 2015:

2014/2015 Expenditures \$ 1,786,844

Reconciliation - Unexpended Capital Project Balances to Fund Balance - June 30, 2015:

Unexpended Project Balances June 30, 2015	\$ 11,209,714
Add (Less):	
Unearned State Aid/Grants	<u>(860,060)</u>
<b>Total Fund Balance (GAAP Basis) - June 30, 2015</b>	<b>\$ <u>10,349,654</u></b>

MORRIS SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGE IN FUND BALANCE - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

Revenues and Other Financing Sources	
State Sources - SCC Grant	\$
Bond proceeds and transfers	
Contribution from private source	
Transfer from capital reserve	8,079,649
Transfer from capital outlay	<u>857,790</u>
Total revenues	<u>8,937,439</u>
Expenditures and Other Financing Uses	
Purchased professional and technical services	842,451
Land and Improvements	
Construction services	944,393
Equipment purchases	
Total expenditures	<u>1,786,844</u>
Excess (deficiency) of revenues over (under) expenditures	7,150,595
Fund balance - beginning	3,199,059
<b>Fund balance - ending</b>	<b>\$ <u><u>10,349,654</u></u></b>

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, 2015

	<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	806,536	26,121	832,657	832,657
Transfer from capital outlay			-	-
Total revenues	<u>806,536</u>	<u>26,121</u>	<u>832,657</u>	<u>832,657</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	156,756	5,899	162,655	162,655
Land and Improvements			-	-
Construction services	588,621	75,381	664,002	670,002
Equipment purchases			-	-
Transfer to capital reserve				
Total expenditures	<u>745,377</u>	<u>81,280</u>	<u>826,657</u>	<u>832,657</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ <u>61,159</u></b>	<b>\$ <u>(55,159)</u></b>	<b>\$ <u>6,000</u></b>	<b>\$ <u>-</u></b>

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	\$407,463
Revised Authorized Cost	\$832,657
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	N/A
Original target completion date	Sep-12
Revised target completions date	Sep-15

MORRIS SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
 MHS POOL HVAC  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	<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	474,796	55,612	530,408	530,408
Transfer from capital outlay			-	-
Total revenues	474,796	55,612	530,408	530,408
 Expenditures and Other Financing Uses				
Purchased professional and technical services	35,649	5,759	41,408	41,408
Land and Improvements			-	-
Construction services	97,394	391,606	489,000	489,000
Equipment purchases			-	-
Transfer to capital reserve				
Total expenditures	133,043	397,365	530,408	530,408
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 341,753</b>	<b>\$ (341,753)</b>	<b>\$ -</b>	<b>\$ -</b>

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	\$40,000
Additional Authorized Cost	\$490,408
Revised Authorized Cost	\$530,408

Percentage Increase over Original

Authorized Cost	N/A
Percentage completion	N/A
Original target completion date	Sep-13
Revised target completions date	Completed

MORRIS SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
 MHS EXPANSION  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	<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	2,150,203	8,000,000	10,150,203	10,150,203
Transfer from capital outlay	<u>604,797</u>		<u>604,797</u>	<u>604,797</u>
Total revenues	<u>2,755,000</u>	<u>8,000,000</u>	<u>10,755,000</u>	<u>10,755,000</u>
 Expenditures and Other Financing Uses				
Purchased professional and technical services	55,006	788,203	843,209	1,080,000
Land and Improvements			-	-
Construction services		246,896	246,896	9,675,000
Equipment purchases			-	-
Transfer to capital reserve				
Total expenditures	<u>55,006</u>	<u>1,035,099</u>	<u>1,090,105</u>	<u>10,755,000</u>
 <b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ <u>2,699,994</u></b>	<b>\$ <u>6,964,901</u></b>	<b>\$ <u>9,664,895</u></b>	<b>\$ <u>-</u></b>

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	\$20,000
Additional Authorized Cost	\$10,735,000
Revised Authorized Cost	\$10,755,000

Percentage Increase over Original

Authorized Cost	N/A
Percentage completion	N/A
Original target completion date	Sep-13
Revised target completions date	Sep-18

MORRIS SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
 FMS RENOVATION  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	<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	2,943,104	(2,084)	2,941,020	2,941,020
Transfer from capital outlay	<u>269,510</u>		<u>269,510</u>	<u>269,510</u>
Total revenues	<u>3,212,614</u>	<u>(2,084)</u>	<u>3,210,530</u>	<u>3,210,530</u>
 Expenditures and Other Financing Uses				
Purchased professional and technical services	389,541		389,541	389,541
Land and Improvements			-	-
Construction services	2,688,445	132,544	2,820,989	2,820,989
Equipment purchases			-	-
Transfer to capital reserve				
Total expenditures	<u>3,077,986</u>	<u>132,544</u>	<u>3,210,530</u>	<u>3,210,530</u>
 <b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ <u>134,628</u></b>	<b>\$ <u>(134,628)</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>-</u></b>

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	\$3,072,153	
Additional Authorized Cost	\$138,377	
Revised Authorized Cost	\$3,210,530	
 Percentage Increase over Original Authorized Cost	N/A	
Percentage completion	N/A	
Original target completion date	Sep-13	
Revised target completions date	Completed	



MORRIS SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
 AH WINDOW  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	<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	\$	\$	\$ -	\$ 387,500
Bond proceeds and transfers			-	-
Contribution from private source			-	-
Transfer from capital reserve	75,000		75,000	75,000
Transfer from capital outlay		581,250	581,250	581,250
<b>Total revenues</b>	<u>75,000</u>	<u>581,250</u>	<u>656,250</u>	<u>1,043,750</u>
 Expenditures and Other Financing Uses				
Purchased professional and technical services	54,339	20,562	74,901	193,750
Land and Improvements			-	-
Construction services		97,965	97,965	850,000
Equipment purchases			-	-
Transfer to capital reserve				
<b>Total expenditures</b>	<u>54,339</u>	<u>118,527</u>	<u>172,866</u>	<u>1,043,750</u>
 <b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ <u>20,661</u></b>	<b>\$ <u>462,723</u></b>	<b>\$ <u>483,384</u></b>	<b>\$ <u>-</u></b>

Additional project information:

Project Number	3385-060-13-G2XG
Grant Date	03/31/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$75,000
Additional Authorized Cost	\$968,750
Revised Authorized Cost	\$1,043,750
 Percentage Increase over Original Authorized Cost	N/A
Percentage completion	N/A
Original target completion date	Sep-13
Revised target completions date	Jun-16

MORRIS SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
 SUSSEX REPOINTING  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$	\$	\$ -	\$ 27,000
Bond proceeds and transfers			-	-
Contribution from private source			-	-
Transfer from capital reserve	6,500		6,500	6,500
Transfer from capital outlay		40,500	40,500	40,500
<b>Total revenues</b>	<b>6,500</b>	<b>40,500</b>	<b>47,000</b>	<b>74,000</b>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	4,447	1,219	5,666	13,500
Land and Improvements			-	-
Construction services			-	60,500
Equipment purchases			-	-
Transfer to capital reserve			-	-
<b>Total expenditures</b>	<b>4,447</b>	<b>1,219</b>	<b>5,666</b>	<b>74,000</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 2,053</b>	<b>\$ 39,281</b>	<b>\$ 41,334</b>	<b>\$ -</b>

Additional project information:

Project Number	3385-105-13-G2HD
Grant Date	03/31/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$6,500
Additional Authorized Cost	\$67,500
Revised Authorized Cost	\$74,000
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	N/A
Original target completion date	Sep-13
Revised target completions date	Sep-15

MORRIS SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
MHS REPOINTING  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$	\$	\$ -	\$ 142,000
Bond proceeds and transfers			-	-
Contribution from private source			-	-
Transfer from capital reserve			-	-
Transfer from capital outlay		213,000	213,000	213,000
Total revenues	<u>-</u>	<u>213,000</u>	<u>213,000</u>	<u>355,000</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	19,381	4,903	24,284	65,000
Land and Improvements			-	-
Construction services			-	290,000
Equipment purchases			-	-
Transfer to capital reserve			-	-
Total expenditures	<u>19,381</u>	<u>4,903</u>	<u>24,284</u>	<u>355,000</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b><u>\$ (19,381)</u></b>	<b><u>\$ 208,097</u></b>	<b><u>\$ 188,716</u></b>	<b><u>\$ -</u></b>

## Additional project information:

Project Number	3385-050-13-G2HB
Grant Date	03/31/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$142,000
Additional Authorized Cost	\$213,000
Revised Authorized Cost	\$355,000

## Percentage Increase over Original

Authorized Cost	N/A
Percentage completion	N/A
Original target completion date	Sep-14
Revised target completions date	Sep-15

MORRIS SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
 ALEXANDER HAMILTON REPOINTING  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$	\$	\$ -	\$ 15,360
Bond proceeds and transfers			-	-
Contribution from private source			-	-
Transfer from capital reserve			-	-
Transfer from capital outlay		23,040	23,040	23,040
Total revenues	-	23,040	23,040	38,400
 <b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	3,368	1,296	4,664	8,400
Land and Improvements			-	-
Construction services			-	30,000
Equipment purchases			-	-
Transfer to capital reserve			-	-
Total expenditures	3,368	1,296	4,664	38,400
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (3,368)</b>	<b>\$ 21,744</b>	<b>\$ 18,376</b>	<b>\$ -</b>

Additional project information:

Project Number	3385-060-14-G2XH
Grant Date	03/31/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$15,360
Additional Authorized Cost	\$23,040
Revised Authorized Cost	\$38,400

Percentage Increase over Original

Authorized Cost	N/A
Percentage completion	N/A
Original target completion date	Sep-14
Revised target completions date	Sep-15

MORRIS SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
 MHS FIRE ALARM UPGRADE  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$	\$	\$ -	\$ 288,200
Bond proceeds and transfers			-	-
Contribution from private source			-	-
Transfer from capital reserve			-	-
Transfer from capital outlay			-	-
Total revenues	-	-	-	288,200
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	38,440	14,610	53,050	120,500
Land and Improvements			-	-
Construction services			-	167,700
Equipment purchases			-	-
Transfer to capital reserve			-	-
Total expenditures	38,440	14,610	53,050	288,200
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (38,440)</b>	<b>\$ (14,610)</b>	<b>\$ (53,050)</b>	<b>\$ -</b>

Additional project information:

Project Number	3385-050-14-G2HC	
Grant Date	03/31/14	
Bond Authorization Date	N/A	
Bonds Authorized	N/A	
Bonds Issued	N/A	
Original Authorized Cost	\$288,200	
Additional Authorized Cost		
Revised Authorized Cost	\$288,200	
Percentage Increase over Original Authorized Cost	N/A	
Percentage completion	N/A	
Original target completion date	Sep-14	
Revised target completions date	Sep-16	

**PROPRIETARY FUNDS**

**SECTION – G**

**ENTERPRISE FUND**

MORRIS BOARD OF EDUCATION  
 COMBINING STATEMENT OF NET POSITION  
 ENTERPRISE FUND  
AS OF JUNE 30, 2015

	<u>FOOD SERVICE</u>	<u>COMMUNITY SCHOOL</u>	<u>TOTALS</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 616	\$ 1,000,060	\$ 1,000,676
Accounts Receivable:			
State	3,319		3,319
Federal	203,548		203,548
Other	18,340	68,858	87,198
Prepaid Expenses		40,279	40,279
Inventories	17,941		17,941
<b>Total Current Assets</b>	<u>243,764</u>	<u>1,109,197</u>	<u>1,352,961</u>
<b>Noncurrent Assets:</b>			
<b>Fixed Assets:</b>			
Equipment	613,114	15,328	628,442
Accumulated Depreciation	(544,432)	(9,711)	(554,143)
<b>Total Noncurrent Assets</b>	<u>68,682</u>	<u>5,617</u>	<u>74,299</u>
<b>Total Assets</b>	<u>\$ 312,446</u>	<u>\$ 1,114,814</u>	<u>\$ 1,427,260</u>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ 163,219	35,795	\$ 199,014
Unearned Revenue		483,387	483,387
Interfunds Payable	149,227	1,794	151,021
<b>Total Current Liabilities</b>	<u>312,446</u>	<u>520,976</u>	<u>833,422</u>
<b>Noncurrent Liabilities:</b>			
Compensated Absences Payable		27,404	27,404
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>27,404</u>	<u>27,404</u>
<b>Total Liabilities</b>	<u>312,446</u>	<u>548,380</u>	<u>860,826</u>
<b>Net Position</b>			
Net Investment in Capital Assets	68,682	5,617	74,299
Unrestricted (Deficit)	(68,682)	560,817	492,135
<b>Total Net Position</b>	<u>\$ -</u>	<u>\$ 566,434</u>	<u>\$ 566,434</u>



MORRIS BOARD OF EDUCATION  
 COMBINING STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN NET POSITION  
 ENTERPRISE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	FOOD SERVICE	COMMUNITY SCHOOL	TOTALS
Operating Revenues:			
Charges for Daily Services:			
Daily Sales - Reimbursable Programs:			
School Lunch/Breakfast Program	\$ 562,116	\$ -	\$ 562,116
Total - Daily Sales-Reimbursable Programs	562,116		562,116
Special Functions	98,450		98,450
Program Fees		1,719,989	1,719,989
Total Operating Revenues	660,566	1,719,989	2,380,555
Operating Expenses:			
Salaries	354,835	975,050	1,329,885
Employee Benefits	291,181	149,161	440,342
Purchased Professional Services	462,004	118,166	580,170
Other Purchased Services	30,259	62,690	92,949
Supplies and Materials		73,167	73,167
Depreciation	35,281	537	35,818
Rent		101,571	101,571
Other Expenses	57,000	171,036	228,036
Cost of Sales	719,461		719,461
Total Operating Expenses	1,950,021	1,651,378	3,601,399
Operating Income (Loss)	(1,289,455)	68,611	(1,220,844)
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	16,720		16,720
Federal Sources:			-
National School Lunch Program	719,689		719,689
National School Breakfast Program	289,221		289,221
Food Distribution Program	127,521		127,521
Interest Revenue	241	1,502	1,743
Total Non-Operating Revenues	1,153,392	1,502	1,154,894
Income (Loss) Before Contributions and Transfers	(136,063)	70,113	(65,950)
Transfers In (Out)	136,063		136,063
Change in Net Position	0	70,113	70,113
Total Net Position Beginning	-	496,321	496,321
<b>Total Net Position Ending</b>	<b>\$ 0</b>	<b>\$ 566,434</b>	<b>\$ 566,434</b>

MORRIS BOARD OF EDUCATION  
COMBINING STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>FOOD SERVICE</u>	<u>COMMUNITY SCHOOL</u>	<u>TOTALS</u>
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$ 655,207	\$ 1,720,123	\$ 2,375,330
Cash Payments to Suppliers for Goods and Services	(1,116,415)	(601,441)	(1,717,856)
Cash Payments for Employee Benefits	(359,354)	(147,663)	(507,017)
Cash Payments to Employees for Services	<u>(354,835)</u>	<u>(975,050)</u>	<u>(1,329,885)</u>
Net Cash Provided by Operating Activities	<u>(1,175,397)</u>	<u>(4,031)</u>	<u>(1,179,428)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Cash Received from State and Federal Sources	1,031,356		1,031,356
Operating Transfer/Capital Contributions - General Fund	<u>136,063</u>		<u>136,063</u>
Net Cash Provided by Non-Capital Financing Activities	<u>1,167,419</u>	<u>-</u>	<u>1,167,419</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Purchases of Capital Assets		<u>(2,182)</u>	<u>(2,182)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>-</u>	<u>(2,182)</u>	<u>(2,182)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on Deposits	<u>241</u>	<u>1,502</u>	<u>1,743</u>
Net Cash Provided by Investing Activities	<u>241</u>	<u>1,502</u>	<u>1,743</u>
Net Increase in Cash and Cash Equivalents	(7,737)	(4,711)	(12,448)
Cash and Cash Equivalents at Beginning of Year	<u>8,353</u>	<u>1,004,771</u>	<u>1,013,124</u>
Cash and Cash Equivalents at End of Year	<u>\$ 616</u>	<u>\$ 1,000,060</u>	<u>\$ 1,000,676</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income/(Loss)	\$ (1,289,455)	\$ 68,611	\$ (1,220,844)
Adjustments to Reconcile Operating Income to Net cash Provided by Operating Income:			-
Depreciation Expense	35,281	537	35,818
Changes in Assets and Liabilities			
(Increase) Decrease in Prepaid Expenses		8,957	8,957
(Increase) Decrease in Accounts Receivable - Net	(5,359)	(7,434)	(12,793)
(Increase) Decrease in Inventory	(10,480)		(10,480)
Increase (Decrease) in Interfunds Payable	7,916	(59,026)	(51,110)
Increase (Decrease) in Compensated Absences	(68,173)	1,498	(66,675)
Increase (Decrease) in Accounts Payable	27,352	(8,351)	19,001
Increase (Decrease) in Deferred Revenue		(8,823)	(8,823)
Food Distribution Program	<u>127,521</u>		<u>127,521</u>
Net Cash Provided by Operating Activities	<u>\$ (1,175,397)</u>	<u>\$ (4,031)</u>	<u>\$ (1,179,428)</u>

**INTERNAL SERVICE FUND**

**FIDUCIARY FUNDS**

**SECTION - H**

MORRIS SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUND  
FOR YEAR ENDED JUNE 30,2015

	<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>
 <u>ASSETS</u>				
Cash and Cash Equivalents	\$ 2,061,574	\$ 127,870	\$ 154,586	\$ 2,198,069
<b>Total Assets</b>	<b>\$ 2,061,574</b>	<b>\$ 127,870</b>	<b>\$ 154,586</b>	<b>\$ 2,198,069</b>
 <u>LIABILITIES AND NET POSITION</u>				
Liabilities:				
Accounts Payable	\$ 4,695	\$	\$	\$
Payroll Deductions and Withholdings				2,198,069
Due to Student Groups			154,586	
<b>Total Liabilities</b>	<b>4,695</b>	<b>-</b>	<b>\$ 154,586</b>	<b>\$ 2,198,069</b>
 Net Position:				
Held in trust for unemployment claims and other purposes	2,056,879			
Reserved for Scholarships		127,870		
<b>Total Net Position</b>	<b>\$ 2,056,879</b>	<b>\$ 127,870</b>		

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

	TRUST FUND	
	UNEMPLOYMENT COMPENSATION	PRIVATE PURPOSE SCHOLARSHIP
<b>ADDITIONS</b>		
Contributions:		
Plan Member	\$ 133,243	\$
Board Contribution	200,000	
Other		17,961
	333,243	17,961
Total Contributions		
	333,243	17,961
Investment Earnings:		
Interest	626	136
	626	136
Total investment earnings		
	626	136
Total Additions		
	333,869	18,097
<b>DEDUCTIONS</b>		
Unemployment Claims	76,149	
Scholarships Awarded		19,748
	76,149	19,748
Total Deductions		
	76,149	19,748
Change in Net Position		
	257,720	(1,651)
Net Position - beginning of the year		
	1,799,159	129,521
<b>Net Position - end of the year</b>	<b>\$ 2,056,879</b>	<b>\$ 127,870</b>

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

	BALANCE JUNE 30, 2014	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2015
<u>ELEMENTARY SCHOOLS:</u>				
Thomas Jefferson	\$ 2,643	\$ 8,200	\$ 6,647	\$ 4,196
Woodland	1,174	1,615	1,645	1,144
Sussex Ave.	185	4,268	4,342	111
Alfred Vail	1,705	4,087	4,525	1,267
Hillcrest	1,196	7,034	7,052	1,178
Normandy Park	1,099	6,099	5,944	1,254
Alexander Hamilton	2,177	6,553	7,052	1,678
Coins for a Cause	1	9,603	9,603	1
	<hr/>	<hr/>	<hr/>	<hr/>
Total Elementary Schools	10,180	47,459	46,810	10,829
<u>MIDDLE SCHOOLS:</u>				
Frelinghuysen MS	30,246	83,708	81,970	31,984
<u>HIGH SCHOOLS:</u>				
Morristown High School	114,253	176,103	178,583	111,773
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total All Schools</b>	<b>\$ 154,679</b>	<b>\$ 307,270</b>	<b>\$ 307,363</b>	<b>\$ 154,586</b>

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

	BALANCE JUNE 30, 2014	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2015
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 2,108,454	\$ 65,979,655	\$ 65,890,040	\$ 2,198,069
<b>Total Assets</b>	<b>\$ 2,108,454</b>	<b>\$ 65,979,655</b>	<b>\$ 65,890,040</b>	<b>\$ 2,198,069</b>
<u>LIABILITIES</u>				
Payroll Deductions and Withholdings	\$ 2,108,454	\$ 65,979,655	65,890,040	\$ 2,198,069
<b>Total Liabilities</b>	<b>\$ 2,108,454</b>	<b>\$ 65,979,655</b>	<b>\$ 65,890,040</b>	<b>\$ 2,198,069</b>



**LONG-TERM DEBT**

**SECTION - I**

MORRIS SCHOOL DISTRICT  
 SCHEDULE OF SERIAL BONDS  
 LONG-TERM DEBT  
JUNE 30, 2015

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2014</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2015</u>
			<u>DATE</u>	<u>AMOUNT</u>				
School Refunding Bonds - Series 2007	11/14/07	\$ 6,820,000	03/15/16	\$ 750,000	5.000%	\$ 3,505,000	\$ 740,000	\$ 2,765,000
			03/15/17	670,000	5.000%			
			03/15/18	670,000	5.000%			
			03/15/19	675,000	4.000%			
<b>Total</b>						<b>\$ 3,505,000</b>	<b>\$ 740,000</b>	<b>\$ 2,765,000</b>

MORRIS SCHOOL DISTRICT  
 STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES  
 LONG-TERM DEBT  
JUNE 30, 2015

PURPOSE	DATE OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL LEASE		INTEREST RATE	BALANCE	ADDITIONS	RETIRED	BALANCE
			PRINCIPAL	INTEREST		JUNE 30, 2014			JUNE 30, 2015
2 Postage Machines	10/01/10	5 Years	\$ 37,734	\$ -		\$ 9,434		\$ 7,075	\$ 2,359
9 Copy Machines	11/01/10	5 Years	84,196	11,924	5.33%	25,632		19,224	6,408
Various Equipment	09/01/11	5 Years	105,825	13,939	4.97%	51,898		23,953	27,945
Various Equipment	11/01/11	5 Years	17,077	2,884	6.31%	9,315		3,992	5,323
Various Equipment	07/01/12	5 Years	66,814	5,786	5.30%	43,560		14,520	29,040
Various Equipment	09/01/13	5 Years	62,985	10,095	5.34%	60,900		14,616	46,284
Various Equipment	09/01/14	5 Years	73,744	9,551	4.90%		83,295	13,883	69,412
<b>Total</b>						<b>\$ 200,739</b>	<b>\$ 83,295</b>	<b>\$ 97,263</b>	<b>\$ 186,771</b>

MORRIS BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual (GAAP Basis)</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 685,270	\$	\$ 685,270	\$ 685,270	\$
Total - Local Sources	<u>685,270</u>		<u>685,270</u>	<u>685,270</u>	
State Sources:					
Debt Service Aid - Type II	<u>223,230</u>		<u>223,230</u>	<u>223,230</u>	
Total - State Sources	<u>223,230</u>		<u>223,230</u>	<u>223,230</u>	
Total Revenues	<u>908,500</u>		<u>908,500</u>	<u>908,500</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest Payments - Bonds	168,500		168,500	168,500	
Redemption of Bond Principal	<u>740,000</u>		<u>740,000</u>	<u>740,000</u>	
Total Expenditures	<u>908,500</u>		<u>908,500</u>	<u>908,500</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	-		-	-	
Fund Balances, July 1	<u>1</u>		<u>1</u>	<u>1</u>	
<b>Fund Balances, June 30</b>	<u>\$ 1</u>	<u>\$</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$</u>

**STATISTICAL SECTION**

**SECTION – J**

## Financial Trends

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

Exhibit J-1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities</b>										
Net Investment in capital assets	\$ 20,037,792	\$ 20,664,877	\$ 20,822,948	\$ 20,238,650	\$ 22,464,228	\$ 23,540,438	\$ 27,001,462	\$ 29,494,829	\$ 32,902,621	\$ 34,762,605
Restricted	6,617,095	6,645,285	9,738,707	9,733,392	14,680,063	14,276,096	16,999,113	16,211,969	26,706,016	30,024,003
Unrestricted	(402,533)	158,909	(1,341,431)	1,354,327	(4,777,120)	41,629	1,344,484	5,646,252	(32,520,686)	(32,984,938)
<b>Total governmental activities net position/net assets</b>	<b>\$ 26,252,354</b>	<b>\$ 27,469,071</b>	<b>\$ 29,220,224</b>	<b>\$ 31,326,369</b>	<b>\$ 32,367,171</b>	<b>\$ 37,858,163</b>	<b>\$ 45,345,059</b>	<b>\$ 51,353,050</b>	<b>\$ 27,087,951</b>	<b>\$ 31,801,670</b>
<b>Business-type activities</b>										
Net Investment in capital assets	\$ 9,897	\$ 22,904	\$ 22,831	\$ 18,207	\$ 65,338	\$ 87,599	\$ 105,258	\$ 95,899	\$ 107,935	\$ 74,299
Unrestricted	225,740	377,584	404,810	605,358	637,792	779,534	779,654	925,849	388,386	492,135
<b>Total business-type activities net position/net assets</b>	<b>\$ 235,637</b>	<b>\$ 400,488</b>	<b>\$ 427,641</b>	<b>\$ 623,565</b>	<b>\$ 703,130</b>	<b>\$ 867,133</b>	<b>\$ 884,912</b>	<b>\$ 1,021,748</b>	<b>\$ 496,321</b>	<b>\$ 566,434</b>
<b>District-wide</b>										
Net Investment in capital assets	\$ 20,047,689	\$ 20,687,781	\$ 20,845,779	\$ 20,256,857	\$ 22,529,566	\$ 23,628,037	\$ 27,106,720	\$ 29,590,728	\$ 33,010,556	\$ 34,836,904
Restricted	6,617,095	6,645,285	9,738,707	9,733,392	14,680,063	14,276,096	16,999,113	16,211,969	26,706,016	30,024,003
Unrestricted	(176,793)	536,493	(936,621)	1,959,685	(4,139,328)	821,163	2,124,138	6,572,101	(32,132,300)	(32,492,803)
<b>Total district net position/net assets</b>	<b>\$ 26,487,991</b>	<b>\$ 27,869,559</b>	<b>\$ 29,647,865</b>	<b>\$ 31,949,934</b>	<b>\$ 33,070,301</b>	<b>\$ 38,725,296</b>	<b>\$ 46,229,971</b>	<b>\$ 52,374,798</b>	<b>\$ 27,584,272</b>	<b>\$ 32,368,104</b>

Source: CAFR Schedule A-1

Note: Reflects Implementation of GASB 68 for 2014 and subsequent years

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

Exhibit J-2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
<b>Governmental activities</b>										
<b>Instruction</b>										
Regular	\$ 24,204,415	\$ 24,559,670	\$ 25,220,172	\$ 27,669,918	\$ 29,354,756	\$ 27,466,369	\$ 26,641,131	\$ 28,339,724	\$ 28,269,563	\$ 28,387,065
Special education	9,822,033	9,387,568	8,676,992	7,986,210	6,002,654	7,505,971	7,405,658	7,403,544	7,534,259	7,781,595
Other special education	2,192,694	2,476,855	2,458,168	3,107,969	2,068,521	1,622,266	1,808,002	1,665,510	1,508,020	1,496,083
Other instruction	1,582,155	1,584,256	1,596,919	1,617,064	1,516,716	1,372,398	1,282,083	1,233,558	1,282,881	1,371,203
<b>Support Services:</b>										
Tuition	4,605,255	5,384,802	5,698,645	5,514,189	5,104,929	5,491,794	5,661,436	5,240,128	5,718,344	5,628,722
Student & instruction related services	10,707,864	11,225,989	12,616,202	12,961,905	14,675,746	13,531,382	13,271,969	14,126,628	13,713,695	14,330,155
General administrative services	2,248,851	2,196,166	2,488,132	2,587,283	2,685,799	2,378,544	3,165,353	3,176,661	3,251,357	3,384,791
School administrative services	2,529,657	2,648,908	2,615,342	2,677,054	3,104,689	3,049,380	2,719,314	3,025,750	2,770,823	2,832,511
Unallocated Benefits	16,475,236	20,151,987	21,608,662	17,215,619	18,659,036	19,616,582	20,179,876	22,097,857	20,952,645	21,966,032
Plant operations and maintenance	7,862,410	8,257,745	8,492,806	8,749,248	7,860,570	7,350,373	7,249,905	6,688,214	7,393,248	7,784,633
Pupil transportation	5,709,950	6,010,028	6,157,085	6,296,923	6,282,479	5,763,837	5,774,002	5,842,404	6,019,131	6,041,059
Special Schools	41,125	47,406	85,496	91,661	97,606					
Interest on long-term debt	453,079	425,164	390,200	357,498	332,919	297,021	265,992	233,418	196,352	157,708
Unallocated depreciation	420,547	374,418	151,214	68,370	163,927	175,886	149,010	172,922	159,496	162,785
<b>Total governmental activities expenses</b>	<b>88,855,271</b>	<b>94,730,962</b>	<b>98,256,035</b>	<b>96,900,911</b>	<b>97,910,347</b>	<b>95,621,803</b>	<b>95,573,731</b>	<b>99,246,318</b>	<b>98,769,814</b>	<b>101,324,342</b>
<b>Business-type activities:</b>										
Food service	1,664,515	1,686,480	1,813,075	1,802,512	1,844,712	1,802,122	2,012,988	2,040,754	2,184,170	1,950,021
Community School	1,241,852	1,207,686	1,339,867	1,365,231	1,422,863	1,420,350	1,509,497	1,523,104	2,249,326	1,651,378
<b>Total business-type activities expense</b>	<b>2,906,367</b>	<b>2,894,166</b>	<b>3,152,942</b>	<b>3,167,743</b>	<b>3,267,575</b>	<b>3,222,472</b>	<b>3,522,485</b>	<b>3,563,858</b>	<b>4,433,496</b>	<b>3,601,399</b>
<b>Total district expenses</b>	<b>\$ 91,761,638.00</b>	<b>\$ 97,625,128.00</b>	<b>\$101,408,977.00</b>	<b>\$ 100,068,654</b>	<b>\$ 101,177,922</b>	<b>\$ 98,844,275</b>	<b>\$ 99,096,216</b>	<b>\$ 102,810,176</b>	<b>\$ 103,203,310</b>	<b>\$ 104,925,741</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
Business and other support services										
Operating grants and contributions	6,172,115	8,747,735	8,782,715	5,661,060	5,874,425	5,895,285	6,931,352	8,748,281	18,324,772	18,867,263
<b>Total governmental activities program revenues</b>	<b>6,172,115</b>	<b>8,747,735</b>	<b>8,782,715</b>	<b>5,661,060</b>	<b>5,874,425</b>	<b>5,895,285</b>	<b>6,931,352</b>	<b>8,748,281</b>	<b>18,324,772</b>	<b>18,867,263</b>
<b>Business-type activities:</b>										
<b>Charges for services</b>										
Food service	920,607	867,828	872,612	885,542	888,683	862,559	798,012	744,119	742,271	660,566
Community School	1,270,584	1,362,389	1,388,247	1,532,706	1,510,954	1,579,978	1,524,873	1,658,694	1,721,927	1,719,989
Operating grants and contributions	576,802	586,800	631,366	684,504	782,515	860,749	953,495	985,958	1,074,132	1,153,151
<b>Total business type activities program revenues</b>	<b>2,767,993</b>	<b>2,817,017</b>	<b>2,892,225</b>	<b>3,102,752</b>	<b>3,182,152</b>	<b>3,303,286</b>	<b>3,276,380</b>	<b>3,388,771</b>	<b>3,538,330</b>	<b>3,533,706</b>
<b>Total district program revenues</b>	<b>\$ 8,940,108</b>	<b>\$ 11,564,752</b>	<b>\$ 11,674,940</b>	<b>\$ 8,763,812</b>	<b>\$ 9,056,577</b>	<b>\$ 9,198,571</b>	<b>\$ 10,207,732</b>	<b>\$ 12,137,052</b>	<b>\$ 21,863,102</b>	<b>\$ 22,400,969</b>
<b>Net (Expense)/Revenue</b>										
<b>Governmental activities</b>	\$ (82,683,156)	\$ (85,983,227)	\$ (89,473,320)	\$ (91,239,851)	\$ (92,035,922)	\$ (89,726,518)	\$ (88,642,379)	\$ (90,498,037)	\$ (80,445,042)	\$ (82,457,079)
<b>Business-type activities</b>	(138,374)	(77,149)	(260,717)	(64,991)	(85,423)	80,814	(246,105)	(175,087)	(895,166)	(67,693)
<b>Total district-wide net expense</b>	<b>\$ (82,821,530)</b>	<b>\$ (86,060,376)</b>	<b>\$ (89,734,037)</b>	<b>\$ (91,304,842)</b>	<b>\$ (92,121,345)</b>	<b>\$ (89,645,704)</b>	<b>\$ (88,888,484)</b>	<b>\$ (90,673,124)</b>	<b>\$ (81,340,208)</b>	<b>\$ (82,524,772)</b>
<b>General Revenues and Other Changes in Net Position/Net Assets</b>										
<b>Governmental activities:</b>										
Property taxes levied for general purposes, net	\$ 69,830,142	\$ 71,829,348	\$ 74,593,144	\$ 77,058,100	\$ 76,445,575	\$ 79,468,289	\$ 80,807,655	\$ 80,807,655	\$ 82,423,847	\$ 83,248,085
Taxes levied for debt service	1,013,919	1,005,812	980,932	940,370	902,895	940,450	917,488	871,393	863,548	685,270
Unrestricted grants and contributions	11,268,379	10,897,897	11,591,539	12,318,799	10,635,779	9,733,264	10,512,791	10,769,607	153,828	296,780
Payments in lieu of taxes (tuition)	3,096,222	3,235,339	3,730,351	3,166,688	5,249,858	4,625,182	4,473,185	4,666,255	4,362,470	3,962,529
Investment earnings	255,578	644,283	699,381	603,444	211,478	18,786	500,381	450,036	824,673	212,423
Miscellaneous income	187,958	186,695	247,454	273,292	140,252	185,681	122,903	66,814		
Transfers	(511,084)	(599,429)	(618,328)	(828,832)	(694,982)	(675,523)	(1,205,128)	(1,125,732)	(1,196,555)	(1,234,289)
<b>Total governmental activities</b>	<b>85,141,114</b>	<b>87,199,945</b>	<b>91,224,473</b>	<b>93,531,861</b>	<b>92,890,855</b>	<b>94,296,129</b>	<b>96,129,275</b>	<b>96,506,028</b>	<b>87,431,811</b>	<b>87,170,798</b>
<b>Business-type activities:</b>										
Investment earnings	17,996	11,181	44,187	34,219	13,120	5,414	2,992	1,971	2,440	1,743
Miscellaneous earnings										
Transfers	170,062	230,821	298,020	226,695	151,868	77,774	260,892	309,952	367,299	136,063
<b>Total business-type activities</b>	<b>188,058</b>	<b>242,002</b>	<b>342,207</b>	<b>260,914</b>	<b>164,988</b>	<b>83,188</b>	<b>263,884</b>	<b>311,923</b>	<b>369,739</b>	<b>137,806</b>
<b>Total district-wide</b>	<b>\$ 85,329,172</b>	<b>\$ 87,441,947</b>	<b>\$ 91,566,680</b>	<b>\$ 93,792,775</b>	<b>\$ 93,055,843</b>	<b>\$ 94,379,317</b>	<b>\$ 96,393,159</b>	<b>\$ 96,817,951</b>	<b>\$ 87,801,550</b>	<b>\$ 87,308,604</b>
<b>Change in Net Position/Net Assets</b>										
<b>Governmental activities</b>	\$ 2,457,958	\$ 1,216,718	\$ 1,751,153	\$ 2,292,010	\$ 854,933	\$ 4,569,611	\$ 7,486,896	\$ 6,007,991	\$ 6,986,769	\$ 4,713,719
<b>Business-type activities</b>	49,684	164,853	81,490	195,923	79,565	164,003	17,779	136,836	(525,427)	70,113
<b>Total district</b>	<b>\$ 2,507,642</b>	<b>\$ 1,381,571</b>	<b>\$ 1,832,643</b>	<b>\$ 2,487,933</b>	<b>\$ 934,498</b>	<b>\$ 4,733,614</b>	<b>\$ 7,504,675</b>	<b>\$ 6,144,827</b>	<b>\$ 6,461,342</b>	<b>\$ 4,783,832</b>

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Restricted	\$ 9,497,780	\$ 11,238,236	\$ 12,793,190	\$ 12,235,395	\$ 13,859,734	\$ 11,397,332	\$ 16,999,112	\$ 16,211,969	\$ 23,506,957	\$ 19,674,349
Committed							332,766	255,390	256,124	356,771
Assigned						2,944,943	2,773,059	5,488,514	1,170,607	1,570,516
Unassigned	1,253,882	1,299,779	1,664,586	4,635,012	1,390,399	1,520,217	1,266,338	1,311,052	1,311,515	210,331
Total general fund	<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>	<u>\$ 23,266,925</u>	<u>\$ 26,245,203</u>	<u>\$ 21,811,967</u>
All Other Governmental Funds										
Reserved	\$ 663,748	\$ 185,194	\$ 260,684	\$	\$ 113,618	\$	\$ 1,330,575	\$ 2,695,033	\$ 3,199,059	\$ 10,349,654
Committed										
Unassigned, reported in:										
Special revenue fund	(51,437)	(51,437)	(51,422)							
Capital projects fund	60,606	292,663	28,305	238,989	250,511					
Debt service fund	14,987	15,212	39,993	28,393			1	1	1	1
Total all other governmental funds	<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>	<u>\$ 2,695,034</u>	<u>\$ 3,199,060</u>	<u>\$ 10,349,655</u>

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

Exhibit J-4

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Tax levy	\$ 70,844,061	\$72,835,160	\$ 75,574,076	\$ 77,998,470	\$ 77,348,470	\$ 80,408,739	\$ 81,725,143	\$ 81,679,048	\$ 83,287,395	\$ 83,933,355
Tuition charges	3,096,222	3,235,339	3,730,351	4,118,787	5,052,922	4,625,182	4,473,185	4,666,255	4,362,470	3,962,529
Miscellaneous	443,536	830,978	847,412	918,943	351,730	220,454	293,398	268,313	824,673	212,423
Local sources	179,330	90,476	96,423	99,542	653,533	249,463	206,983	181,723	111,633	216,109
State sources	14,881,032	17,365,684	18,131,511	15,103,676	13,021,649	11,952,227	14,471,467	16,719,016	15,852,446	16,887,795
Federal sources	2,380,132	2,189,472	2,245,743	2,066,743	3,031,958	3,426,859	2,972,676	2,798,872	2,514,521	2,591,004
Total revenue	<u>91,824,313</u>	<u>96,547,109</u>	<u>100,625,516</u>	<u>100,306,161</u>	<u>99,460,262</u>	<u>100,882,924</u>	<u>104,142,852</u>	<u>106,313,227</u>	<u>106,953,138</u>	<u>107,803,215</u>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	23,193,579	23,504,145	24,182,626	26,177,155	28,013,564	26,595,502	25,575,527	27,080,647	27,012,226	27,021,640
Special education instruction	9,867,695	9,320,814	8,655,795	7,871,986	6,033,270	7,437,821	7,405,658	7,403,544	7,534,259	7,781,595
Other special instruction	2,204,969	2,452,409	2,447,892	3,038,265	2,259,620	1,648,646	1,808,002	1,665,510	1,508,020	1,496,083
Other instruction	1,555,645	1,584,267	1,595,299	1,632,232	1,510,789	1,398,293	1,282,083	1,233,558	1,282,881	1,371,203
<b>Support Services:</b>										
Tuition	4,605,255	5,384,802	5,698,645	5,514,189	5,104,929	5,491,794	5,661,436	5,240,128	5,718,344	5,628,722
Student & instruction related services	10,668,350	11,160,478	12,659,100	12,894,528	15,462,628	13,555,244	13,271,969	14,126,628	13,713,695	14,330,155
Other administrative services	2,395,835	2,209,072	2,457,672	2,678,674	3,042,325	2,403,057	3,165,353	3,176,661	2,770,823	2,832,511
School Administrative services	2,548,758	2,602,064	2,597,384	2,688,528	2,737,770	3,051,208	2,719,314	3,025,750	3,251,357	3,384,791
Plant operations and maintenance	7,952,794	8,137,969	8,714,501	8,271,667	7,819,622	7,292,802	7,249,905	7,077,611	7,456,233	7,858,377
Pupil transportation	5,758,595	5,981,581	6,149,953	6,296,899	6,276,228	5,755,818	5,774,002	5,842,404	6,019,131	6,041,059
Unallocated employee benefits	16,475,236	20,133,755	21,575,931	17,685,893	18,639,109	19,616,582	19,975,591	22,355,941	21,050,299	22,638,339
Special Schools	41,125	47,406	85,496	91,661	97,606					
Capital outlay	-	1,484,407	477,242	1,362,008	2,125,502	1,826,848	4,096,409	2,786,532	3,957,666	2,632,336
<b>Debt service:</b>										
Principal	815,000	820,000	855,000	820,000	830,000	835,000	840,000	815,000	855,000	740,000
Interest and other charges	457,176	429,358	347,554	365,595	335,845	305,645	274,783	243,320	207,330	168,500
Total expenditures	<u>88,540,012</u>	<u>95,252,527</u>	<u>98,500,090</u>	<u>97,389,280</u>	<u>100,288,807</u>	<u>97,214,260</u>	<u>99,100,032</u>	<u>102,073,234</u>	<u>102,337,264</u>	<u>103,925,311</u>
Excess (Deficiency) of revenues over (under) expenditures	3,284,301	1,294,582	2,125,426	2,916,881	(828,545)	3,668,664	5,042,820	4,239,993	4,615,874	3,877,904
<b>Other Financing sources (uses)</b>										
Capital leases (non-budgeted)								66,814	62,985	73,744
Capital Asset - Super Storm Sandy								79,033		
Transfers in	369,100	523,629	402,923	54,938	1,046,159	3,405,026	1,802,239	3,198,178	3,630,734	8,937,439
Transfers out	(879,960)	(463,320)	(587,469)	(755,233)	(1,741,141)	(3,946,696)	(2,884,466)	(4,323,910)	(4,827,289)	(10,171,728)
Total other financing sources (uses)	<u>(510,860)</u>	<u>60,309</u>	<u>(184,546)</u>	<u>(700,295)</u>	<u>(694,982)</u>	<u>(541,670)</u>	<u>(1,082,227)</u>	<u>(979,885)</u>	<u>(1,133,570)</u>	<u>(1,160,545)</u>
Net change in fund balances	<u>\$ 2,773,441</u>	<u>\$ 1,354,891</u>	<u>\$ 1,940,880</u>	<u>\$ 2,216,586</u>	<u>\$ (1,523,527)</u>	<u>\$ 3,126,994</u>	<u>\$ 3,960,593</u>	<u>\$ 3,260,108</u>	<u>\$ 3,482,304</u>	<u>\$ 2,717,359</u>
Debt service as a percentage of noncapital expenditures	1.4%	1.3%	1.2%	1.2%	1.2%	1.2%	1.2%	1.1%	1.1%	0.9%

Source: CAFR Schedule B-2

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

Exhibit J - 5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Sale of</u> <u>Building</u>	<u>E-Rate</u>	<u>Rentals</u>	<u>Misc.</u>	<u>Total</u>
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
2013	28,668			151,284	51,347	231,299
2014	25,960			769,053	23,428	818,441
2015	30,769			162,085	12,565	205,419

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 <sup>b</sup>	Estimated Actual (County Equalized Value)
2006	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	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	\$2,772,364,270	\$3,179,827,892	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	2,765,887,570	3,160,675,492	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
2013	2,763,442,370	3,111,504,567	n/a	n/a	n/a	n/a	n/a	5,874,946,937		8,529	5,874,955,466	2.543	7,859,394,521
2014	2,769,065,270	3,123,447,767	n/a	n/a	n/a	n/a	n/a	5,892,513,037		8,529	5,892,521,566	2.550	7,759,749,747
2015	2,770,110,170	3,129,238,667	n/a	n/a	n/a	n/a	n/a	5,899,348,837		8,555	5,899,357,392	2.581	7,720,859,104

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

No 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

Exhibit J-7

Fiscal Year Ended June 30,	Morris School District		Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct School Tax Rate	Municipal	Morris County	
	Morris Township					
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	0.630	0.362	2.440
2013	1.485	0.015	1.500	0.640	0.360	2.500
2014	1.506	0.012	1.518	0.646	0.339	2.503
2015	1.520	0.012	1.532	0.658	0.346	2.536
	Morristown					
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
2013	1.227	0.013	1.240	1.049	0.296	2.585
2014	1.237	0.008	1.245	1.052	0.299	2.596
2015	1.268	0.010	1.278	1.051	0.296	2.625

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.

<sup>a</sup> The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

<sup>b</sup> 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	2015			2006		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
<b>Morris Township</b>						
Honeywell/Allied Signal Corporation	\$ 64,900,000		1.76%	\$ 89,090,000		2.33%
Colgate Palmolive	18,591,700		0.50%	23,500,000		0.06%
44 Whippany Rd./Rexcore	19,050,000		0.52%			
Kemble Plaza II Realty, LLC				79,211,000		2.08%
Kemble Assoc. c/o AT&T				52,500,000		1.38%
AJ Morris Corp. c/o Colliers Mgmt	40,843,800		1.11%			
Morristown Southgate LLC	38,100,000		1.03%			
Kemble Avenue, LLC	20,971,700		0.57%			
Columbia Assoc./Advance Realty	19,205,000		0.52%	27,835,000		0.73%
Advanced at Southgate				36,184,000		0.92%
Brickman Mt. Kemble				35,244,000		0.95%
Schindler Elevator	18,704,000		0.51%			
Morristown Realty	17,576,000		0.48%	21,535,200		0.06%
H'Y2 Mt. Kemble, LLC	42,054,400		1.14%			
Reckson Operating Partners				27,557,400		0.72%
Southgate Two, LLC				23,312,200		0.06%
<b>Morristown</b>						
Rosewood Lafayette Commons	26,474,000		1.20%			
Parsons Village	27,300,000		1.23%	27,300,000		1.53%
5th Roc Jersey Assoc	24,500,000		1.11%	27,000,000		1.43%
4th Roc Jersey Assoc				32,500,000		1.76%
Epsteins B. Metrop	25,500,000		1.15%			
Verizon				20,247,993		1.21%
3rd Roc Jersey Assoc				24,300,000		1.36%
Kadima Medical Properties	23,900,000		1.08%	23,900,000		1.36%
GS Morristown Plaza LLC	20,160,800		0.91%	19,433,700		1.06%
Memorial Investment/AHS Invest	19,300,000		0.87%			
2nd Roc Jersey Assoc	18,115,200		0.82%			
The Green at Park Place	18,100,000		0.82%			
LF Associates				24,300,000		1.47%
Morgan Stanley				22,000,000		1.36%
The Realty Assoc. Fund				21,400,000		1.28%
Morr. Med. Investors	16,950,000		0.77%			
<b>Total</b>	<b>\$ 520,296,600</b>		<b>18.09%</b>	<b>\$ 658,350,493</b>		<b>23.11%</b>

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

See Exhibit J-6 District Combined 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**

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%
2013	53,768,317	53,768,317	100.00%
2014	55,244,776	55,244,776	100.00%
2015	55,974,957	55,974,957	100.00%

**Morristown**

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%
2013	27,039,338	27,039,338	100.00%
2014	27,179,071	27,179,071	100.00%
2015	27,958,398	27,958,398	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.

a Includes \$2,076,164 collected during the 2014/2015 school year



## Debt Capacity

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
<b>Morris Township</b>								
2005	7,689,920	-	-	-	-	7,689,920	0.31%	363
2006	7,078,416	-	-	-	-	7,078,416	0.53%	337
2007	6,519,504	-	378,499	-	-	6,898,003	0.49%	331
2008	5,806,350	-	489,742	-	-	6,296,092	0.42%	301
2009	5,075,482	-	341,885	-	-	5,417,367	0.38%	258
2010	4,526,960	-	202,290	-	-	4,729,250	0.31%	211
2011	3,902,728	-	135,496	-	-	4,038,223	0.25%	179
2012	3,358,575	-	132,894	-	-	3,491,469	0.21%	155
2013	2,901,144	-	138,804	-	-	3,039,948	0.18%	135
2014	2,349,402	-	134,555	-	-	2,483,957	0.15%	110
2015	1,844,255	-	124,576	-	-	1,968,831	N/A	N/A
<b>Morristown</b>								
2005	3,510,080	-	-	-	-	3,510,080	0.32%	189
2006	3,306,584	-	-	-	-	3,306,584	0.28%	179
2007	3,045,496	-	176,810	-	-	3,222,306	0.26%	169
2008	2,693,650	-	227,198	-	-	2,920,848	0.21%	153
2009	2,604,518	-	175,440	-	-	2,779,959	0.21%	145
2010	2,323,040	-	103,806	-	-	2,426,846	0.19%	132
2011	2,112,272	-	73,334	-	-	2,185,607	0.16%	119
2012	1,816,425	-	71,873	-	-	1,888,298	0.14%	102
2013	1,458,856	-	69,798	-	-	1,528,654	0.11%	82
2014	1,155,598	-	66,184	-	-	1,221,782	0.09%	64
2015	920,745	-	62,195	-	-	982,940	N/A	N/A

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.

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

N/A = Not Available

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

**Exhibit J-11**

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>			Percentage of Actual Taxable	
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2006	\$ 10,385,000	-	\$ 10,385,000	0.17%	263
2007	9,565,000	-	9,565,000	0.16%	240
2008	8,500,000	-	8,500,000	0.14%	213
2009	7,680,000	-	7,680,000	0.13%	191
2010	6,850,000	-	6,850,000	0.11%	168
2011	6,015,000	-	6,015,000	0.10%	147
2012	5,175,000	-	5,175,000	0.09%	126
2013	4,360,000	-	4,360,000	0.07%	106
2014	3,505,000	-	3,505,000	0.06%	85
2015	2,765,000	-	2,765,000	0.05%	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.

N/A = Not Available

Morris School District  
Ratios of Overlapping Governmental Activities Debt  
As of June 30, 2015  
Unaudited

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Morristown Town	\$ 26,414,307	100%	\$ 26,414,307
Morris Township	28,598,803	100%	28,598,803
<b>Other debt</b>			
Morris County - Morristown	241,304,765	2.902%	7,001,916
Morris County - Morris Township	241,304,765	5.781%	<u>13,950,166</u>
Subtotal, overlapping debt			75,965,193
<b>Morris School District Direct Debt</b>			
Morristown			1,155,598
Morris Township			<u>2,349,402</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 79,470,193</u></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.

<sup>a</sup> 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

Year	Morris Twsp Equal Valuation	Morristown Equal Valuation
2014	\$5,079,710,534	\$2,584,752,534
2013	5,127,591,810	2,561,123,508
2012	5,290,110,602	2,590,224,343

Legal Debt Margin Calculation for Fiscal Year 2014

Total Equalized valuation basis	
2014	\$7,664,463,068
2013	7,688,715,318
2012	7,880,334,945
[A]	<u>\$ 23,233,513,331</u>
Average equalized valuation of taxable property	[A/3] \$ 7,744,504,444
Debt limit (3 % of average equalization value)	[B] 232,335,133 <sup>a</sup>
Net bonded school debt	[C] <u>2,765,000</u>
Legal debt margin	[B-C] <u>\$ 229,570,133</u>

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 206,812,841	\$ 224,832,408	\$ 233,540,606	\$ 249,394,409	\$ 259,338,469	\$ 271,020,708	\$ 266,701,712	\$ 246,797,070	\$ 238,195,198	\$ 232,335,133
Total net debt applicable to limit	<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>	<u>4,360,000</u>	<u>3,505,000</u>	<u>2,765,000</u>
Legal debt margin	<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>	<u>\$ 242,437,070</u>	<u>\$ 234,690,198</u>	<u>\$ 229,570,133</u>
Total net debt applicable to the limit as a percentage of debt limit	5.02%	4.25%	3.64%	3.08%	2.64%	2.22%	1.94%	1.77%	1.47%	1.19%

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

<sup>a</sup> 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 <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
Morris Twp				
2005	21,156	1,315,331,988	R 62,173	R 3.2%
2006	20,976	1,400,420,688	R 66,763	R 3.3%
2007	20,867	1,457,413,881	R 69,843	R 3.3%
2008	20,908	1,504,058,796	R 71,937	R 4.0%
2009	21,014	1,422,605,772	R 67,698	R 6.8%
2010	22,445	R 1,540,983,920	R 68,656	R 9.2%
2011	22,538	R 1,620,797,732	R 71,914	R 9.1%
2012	22,578	R 1,689,421,428	R 74,826	R 7.0%
2013	22,589	R 1,695,394,806	R 75,054	R 6.3%
2014	22,573	1,694,193,942	75,054	4.2%
Morristown				
2005	18,545	1,152,998,285	R 62,173	R 3.3%
2006	18,519	1,236,383,997	R 66,763	R 3.4%
2007	19,033	1,329,321,819	R 69,843	R 3.4%
2008	19,067	1,371,622,779	R 71,937	R 4.1%
2009	19,126	1,294,791,948	R 67,698	R 7.0%
2010	18,346	R 1,259,562,976	R 68,656	R 9.2%
2011	18,428	R 1,325,231,192	R 71,914	R 9.1%
2012	18,463	R 1,381,512,438	R 74,826	R 7.1%
2013	18,539	R 1,391,426,106	R 75,054	R 5.1%
2014	19,085	1,432,405,590	75,054	4.3%

Source:

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

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

<sup>c</sup> Per Capita income provided by US Dept of Commerce, Bureau of Economic Analysis

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

R - Revised

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

Exhibit J-15

<u>Employer</u>	<u>2015</u>			<u>2006</u>		
	<u>Approximate Number of Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Approximate Number of Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
n/a	n/a		n/a	n/a		n/a

n/a - information not available for audit period



## Operating Information

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

Exhibit J-16

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	351	338	478	489	464	326	318	340	341	345
Special education	71	72	58	56	102	99	95	92	96	107
Other special education	-	-	28	26	25	23	24	24	24	25
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	32	31	32	3	3	3	3	3
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	148	149	70	88	36	154	164	176	178	168
General administrative services	2	7	22	22	21	2	2	2	2	2
School administrative services	82	77	46	53	51	35	35	35	34	35
Business administrative services	1	1	1	1	1	19	19	19	18	18
Plant operations and maintenance	75	75	85	79	82	86	85	82	82	84
Pupil transportation	34	34	14	23	13	26	24	32	33	34
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	41	41	44	44	33	29	28	26	26	24
<b>Total</b>	<b>805</b>	<b>794</b>	<b>878</b>	<b>912</b>	<b>860</b>	<b>801</b>	<b>796</b>	<b>829</b>	<b>837</b>	<b>844</b>

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 <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
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	18,207	-7.51%	517	8.9:1	9.7:1	10.8:1	4,927	4,719	3.73%	95.78%
2013	5,076	98,228,382	18,916	-7.78%	524	9.7:1	9.6:1	10.2:1	4,996	4,774	4.17%	95.56%
2014	5,076	97,317,268	18,395	0.04%	529	9.6:1	9.5:1	10.1:1	5,111	4,889	4.47%	95.66%
2015	5,225	100,384,475	18,480	1.50%	544	9.7:1	9.1:1	9.8:1	5,239	5,012	6.33%	95.67%

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>District Building</b>										
<b>Early Learning Center</b>										
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										
<b>Elementary</b>										
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 <sup>a</sup>										
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										
<b>Middle School</b>										
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										
<b>High School</b>										
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, 2015										
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

Exhibit J - 19

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

School Facilities	Project # (s)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Morristown High	N/A	\$ 756,167	\$ 565,937	\$ 513,709	\$ 697,495	\$ 639,642	\$ 601,429	\$ 572,243	\$ 913,479	\$ 655,046	\$ 637,468
Alexander Hamilton	N/A	120,916	129,662	120,494	121,110	173,975	114,799	153,071	191,243	136,719	185,228
Alfred Vail	N/A	141,462	75,124	123,806	73,822	128,526	195,826	219,208	384,074	280,109	82,295
Frelinghuysen	N/A	309,925	231,782	216,145	186,878	217,936	188,806	229,456	300,414	224,057	331,813
Lafayette Learning Center	N/A	85,746	84,516	79,898	89,984	49,955	74,719	189,286	108,462	78,008	79,376
Hillcrest	N/A	145,466	196,806	104,935	169,749	90,187	111,705	103,819	132,324	100,062	105,124
Normandy Park	N/A	121,527	104,759	74,866	89,131	103,184	80,565	90,954	110,830	72,872	75,183
Sussex Avenue	N/A	87,518	74,489	80,133	92,090	99,063	73,491	133,583	153,490	83,482	76,301
Thomas Jefferson	N/A	121,654	104,528	110,188	124,690	109,277	115,355	86,020	114,411	75,545	153,858
Woodland Avenue	N/A	96,666	78,257	80,938	99,813	68,662	69,120	184,611	305,921	220,707	125,865
<b>Total School Facilities</b>		<b>\$ 1,987,047</b>	<b>\$ 1,645,860</b>	<b>\$ 1,505,112</b>	<b>\$ 1,744,762</b>	<b>\$ 1,680,407</b>	<b>\$ 1,625,815</b>	<b>\$ 1,962,251</b>	<b>\$ 2,714,648</b>	<b>\$ 1,926,607</b>	<b>\$ 1,852,511</b>

\*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, 2015  
 UNAUDITED

Company	Type of Coverage	Coverage	Deductible
Utica Mutual	Property/Inland Marine & Crime		
	Blkt Bldgs/ Cts. All Locations	\$171,065,153	\$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
	Depositors Forgery & Alteration	250,000	500
NJ School Boards Association Ins. Group	Automobile Insurance on all vehicles	16,000,000	
	BI/PD Each Occurrence Liability Limit	10,000 Private Pass/5,000 All Others	
	Medical Payments	Comprehensive/Collision	\$1000/\$1000
	Physical Damage		
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	
Bollinger Insurance	Student Accident Insurance (Includes Athletes)	(Excess of Parents coverage) 5,000,000	
Bollinger Insurance	Catastrophe Athletic Disability	1,000,000	
Western World	School Board Legal Liability including Employment Practices Liability		
	Liability Limit/aggregate limit	2,000,000	25,000
	Claims Made basis		
NJ School Boards Association Ins. Group	Public Official Fidelity Bond		
	Business Administrator	415,000	1,000
	Assist Bd adm	200,000	1,000
NJUEP	Catastrophe Excess Liability		
	Occurrence Limit (BI & PD)	24,000,000 (unshared limits)	16,000,000
National Flood Program	Flood Coverage-Alexander Hamilton		
	Building	500,000	1,000
	Contents	500,000	1,000
	Flood Coverage-Woodland		
	Building	500,000	1,000
	Contents	500,000	1,000
	Flood Coverage-Frelinghuysn Middle School		
	Building	500,000	1,000
	Contents	500,000	1,000
	Flood Coverage-Maintenance Building at Frelinghuysen		
	Building	200,000	1,000
	Contents	150,000	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  
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**K-1**

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 NJ

JO ANN BOOS, CPA, PSA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the 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 and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 20, 2015.

**Internal Control Over Financial Reporting**

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

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



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

#### 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 Office of School Finance, Department of Education, State of New Jersey.

We 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 20, 2015.

#### Purpose of this Report

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



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

Highland Park, New Jersey  
November 20, 2015

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
PUBLIC SCHOOL ACCOUNTANTS  
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**K - 2**

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

JO ANN BOOS, CPA, PSA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

**INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the Morris School District, County of Morris, New Jersey compliance 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 the Morris School District's major federal and state programs for the year ended June 30, 2015. 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.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Morris School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School 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 and 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination on the Morris School District's compliance.

#### Opinion on Each Major Federal and State Program

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

#### Report on Internal Control Over Compliance

Management of the Morris School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Morris School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

*Hodulik & Morrison, P.A.*

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

Highland Park, New Jersey  
November 20, 2015

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

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, 2014	DUE TO GRANTOR JUNE 30, 2014	ADJUSTMENTS	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAY. PR. YRS. BALANCES	BALANCE JUNE 30, 2015 ACCOUNTS RECEIVABLE
U.S. Department of Agriculture											
Passed-through NJDOE:											
Enterprise Fund:											
Child Nutrition Cluster											
Food Distribution Program	10.555	N/A	7/1/14-6/30/15	\$ 127,521	\$ -	\$ -	\$ 127,521	(127,521)	\$ -	\$ -	
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	289,221	-	-	229,099	(289,221)	-	(60,122)	
School Breakfast Program	10.553	N/A	7/1/13-6/30/14	302,906	(67,633)	-	67,633	-	-	-	
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	719,689	-	-	576,263	(719,689)	-	(143,426)	
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	662,403	(140,488)	-	140,488	-	-	-	
Total Enterprise Fund					(208,121)	-	1,141,004	(1,136,431)	-	(203,548)	
U.S. Department of Education											
Passed-through NJDOE:											
General Fund:											
Special Education Medicare Initiative (SEMI)	93.778	N/A	7/1/14-6/30/15	139,236	-	-	139,236	(139,236)	-	-	
ARRA-SEMI	93.778	N/A	10/1/08-12/31/10	33,696	-	-	33,696	(33,696)	-	-	
Impact Aid	84.041	N/A	7/1/14-6/30/15	8,098	-	-	8,098	(8,098)	-	-	
Total General Fund					-	-	181,030	(181,030)	-	-	
U.S. Department of Education											
Passed-through NJDOE:											
Special Revenue Fund											
Title I, Part A	84.010	NCLB-14	7/1/14-6/30/15	501,466	(393,394)	-	662,763	(426,794)	-	(157,425)	
Title I Part D	84.013	NCLB-14	7/1/14-6/30/15	53,115	(75,673)	-	101,782	(51,260)	-	(25,151)	
Total Title I					(469,067)	-	764,545	(478,054)	-	(182,576)	
Special Education Cluster:											
I.D.E.A. Part B, Full-time	84.027	IDEA-15	7/1/14-6/30/15	1,742,381	(591,770)	-	1,434,150	(1,479,555)	-	(637,175)	
Improv Achieve Eng Lan Arts Math	84.027A	13-BC32-F01	8/1/13-8/31/14	98,860	(78,876)	-	82,980	(4,104)	-	-	
I.D.E.A. Part B, Preschool	84.173	IDEA-15	7/1/14-6/30/15	47,685	(12,413)	-	45,167	(46,601)	-	(13,847)	
Total Special Education Cluster					(683,059)	-	1,562,297	(1,530,260)	-	(651,022)	
Title II Part A	84.367	NCLB-15	7/1/14-6/30/15	174,673	(140,601)	-	219,201	(153,642)	-	(75,042)	
Total Title II					(140,601)	-	219,201	(153,642)	-	(75,042)	
Title III	84.365	NCLB-15	7/1/14-6/30/15	199,860	(31,584)	-	58,671	(156,743)	-	(129,656)	
Title III - Immigrant	85.365	NCLB-15	7/1/14-6/30/15	57,041	(45,760)	-	89,959	(54,581)	-	(10,382)	
Total Title III					(77,344)	-	148,630	(211,324)	-	(140,038)	
Career Academy	84.048	N/A	7/1/09-6/30/10	-	(3,985)	-	-	-	-	(3,985)	
Race to the Top 3 - ARRA	84.413	N/A	7/1/13-6/30/14	43,769	(4,955)	-	-	-	-	(4,955)	
Vocational Education:											
Secondary(Carl Perkins)	84.048	PERK-15	7/1/14-6/30/15	36,694	(1,910)	-	30,855	(36,694)	-	(7,749)	
Total Carl Perkins					(1,910)	-	30,855	(36,694)	-	(7,749)	
Total Special Revenue Fund					(1,380,921)	-	2,725,528	(2,409,974)	-	(1,065,367)	
<b>Total Federal Financial Assistance</b>					<b>\$ (1,589,042)</b>	<b>\$ -</b>	<b>\$ 4,047,562</b>	<b>\$ (3,727,435)</b>	<b>\$ -</b>	<b>\$ (1,268,915)</b>	

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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, 2015

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2014		ADJUSTMENTS	CASH RECEIVED	BUDGETARY EXPEND.	ADJU./ REPAY. PR. YRS. BALANCES	BALANCE JUNE 30, 2015			MEMO CUMULATIVE TOTAL EXPENDITURES
				DEF. REVENUE/ (ACCTS. REC.)	DUE TO GRANTOR					(ACCTS. REC.)	DUE TO GRANTOR	BUDGETARY RECEIVABLE	
State Department of Education:													
General Fund:													
Categorical Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	\$ 1,584,914	\$	\$	\$	1,442,858	(1,584,914)	\$	\$	\$	(142,056)	(1,584,914)
Categorical Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	1,584,914	(136,867)			136,867						
Categorical Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	2,923,993				2,631,100	(2,923,993)				(292,893)	(2,923,993)
Categorical Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	2,923,993	(281,411)			281,411						
Categorical Security Aid	15-495-034-5120-084	7/1/14-6/30/15	741,886				669,258	(741,886)				(72,628)	(741,886)
Categorical Security Aid	14-495-034-5120-084	7/1/13-6/30/14	741,886	(74,310)			74,310						
School Choice Aid	15-495-034-5120-068	7/1/14-6/30/15	858,591				774,543	(858,591)				(84,048)	(858,591)
School Choice Aid	14-495-034-5120-068	7/1/13-6/30/14	813,402	(81,478)			81,478						
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	252,972				228,205	(252,972)				(24,767)	(252,972)
Adjustment Aid	14-495-034-5120-085	7/1/13-6/30/14	252,972	(25,340)			25,340						
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	49,610				44,751	(49,610)				(4,859)	(49,610)
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	49,610				44,751	(49,610)				(4,859)	(49,610)
Non-public Transportation Aid	15-100-034-5120-068	7/1/14-6/30/15	62,502					(62,502)		(62,502)			(62,502)
Non-public Transportation Aid	14-100-034-5120-068	7/1/13-6/30/14	86,117	(86,117)			86,117						
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	1,216,972					(1,216,972)			(1,216,972)		(1,216,972)
Extraordinary Aid	14-100-034-5120-473	7/1/13-6/30/14	878,809	(878,809)			878,809						
Homeless Tuition Reimbursemt	n/a	7/1/14-6/30/15	16,530					(16,530)		(16,530)			(16,530)
Homeless Tuition Reimbursemt	n/a	7/1/13-6/30/14	30,533	(30,533)			30,533						
T.P.A.F. Social Security Aid	15-495-034-5095-002	7/1/14-6/30/15	2,794,477				2,655,602	(2,794,477)		(138,875)			(2,794,477)
T.P.A.F. Social Security Aid	14-495-034-5095-002	7/1/13-6/30/14	2,772,417	(139,654)			139,654						
T.P.A.F. Non-Contributory Insurance	15-495-034-5095-007	7/1/14-6/30/15	2,126,123					(2,126,123)					(2,126,123)
T.P.A.F. Post Retirement Medical Contribution	15-495-034-5095-001	7/1/14-6/30/15	3,375,221				3,375,221	(3,375,221)					(3,375,221)
Total General Fund				(1,734,519)			15,726,931	(16,053,401)		(217,907)		(1,843,082)	(16,053,401)
Debt Service Fund:													
Debt Service Aid (Chapter 74)	15-495-034-5120-075	7/1/14-6/30/15	223,230				223,230	(223,230)					(223,230)
Total Debt Service Fund							223,230	(223,230)					(223,230)
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	161,582				161,582	(116,461)			45,121		(116,461)
Textbook Aid	14-100-034-5120-064	7/1/13-6/30/14	149,411		43,367				43,367				
Auxiliary Services:													
Compensatory	15-100-034-5120-067	7/1/14-6/30/15	76,681				76,681	(76,412)			269		(76,412)
Compensatory	14-100-034-5120-067	7/1/13-6/30/14	94,158		22,254				22,254				
Home Instruction	15-100-034-5120-067	7/1/14-6/30/15	12,354					(12,354)		(12,354)			(12,354)
Home Instruction	14-100-034-5120-067	7/1/13-6/30/14	7,376	(7,376)			7,376						
Handicapped Services:													
Supplementary Instruction	15-100-034-5120-066	7/1/14-6/30/15	27,072				27,072	(27,072)					(27,072)
Supplementary Instruction	14-100-034-5120-066	7/1/13-6/30/14	17,554		1,597				1,597				
Examination & Classification	15-100-034-5120-066	7/1/14-6/30/15	96,345				96,345	(84,285)			12,060		(84,285)
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	58,842				58,842	(57,604)			1,238		(57,604)
Corrective Speech	14-100-034-5120-066	7/1/13-6/30/14	40,622		4,921				4,921				
Nursing Services	15-100-034-5120-070	7/1/14-6/30/15	257,329				257,329	(257,329)					(257,329)
Technology Initiative Aid	15-100-034-5120-373	7/1/14-6/30/15	86,784				86,784	(86,784)					(86,784)
Preschool Aid	15-495-034-5120-086	7/1/14-6/30/15	234,300				210,870	(234,300)		(23,430)			(234,300)
Preschool Aid	14-495-034-5120-086	7/1/13-6/30/14	234,300	(23,467)			23,467						
Total Special Revenue Fund				(30,843)	72,139		1,006,348	(952,601)	72,139	(35,784)	58,688		(952,601)
National School													
Lunch Prog. (State Share)	15-100-010-3360-067	7/1/14-6/30/15	16,720				13,401	(16,720)			(3,319)		(16,720)
Lunch Prog. (State Share)	14-100-010-3360-067	7/1/13-6/30/14	17,484	(4,472)			4,472						
Total Enterprise Fund				(4,472)			17,873	(16,720)		(3,319)			(16,720)
Total State Financial Assistance			\$	(1,769,834)	\$ 72,139	\$	16,974,382	(17,245,952)	\$ 72,139	(257,010)	\$ 58,688	(1,843,083)	(17,245,952)

Less:

TPAF Post Retirement Medical	\$ 3,375,221
TPAF Non-Contributory Pension Insurance	2,126,123
	<u>\$ (11,744,608)</u>

Note: See Accompanying Notes to Schedules of Financial Assistance.

MORRIS SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS  
AND FINANCIAL ASSISTANCE  
JUNE 30, 2015

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 Boards' 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 \$341,437 for the general fund and \$362 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, 2015

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$181,030	\$15,711,964	\$15,892,994
Special Revenue Fund	2,409,974	952,601	3,362,575
Capital Projects Fund		0	0
Debt Service Fund		223,230	223,230
Food Service Fund	<u>1,136,431</u>	<u>16,720</u>	<u>1,153,151</u>
Total Awards & Financial Assistance	<u>\$3,727,435</u>	<u>\$16,904,515</u>	<u>\$20,631,950</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, 2015. 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, 2015.



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

Section 1 - Summary of Auditor's Results

**Financial Statements**

Type of auditor's report issued: Unmodified

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: Unmodified

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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	<u>Child Nutrition Cluster</u>
<u>10.553</u>	<u>School Breakfast Program</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>10.555</u>	<u>Food Distribution Program</u>
<u>84.365</u>	<u>Title III</u>
_____	<u>Special Education Medicaid Initiative (SEMI) Cluster</u>
<u>93.778</u>	<u>Special Education Medicaid Initiative (SEMI)</u>
<u>93.778</u>	<u>ARRA - SEMI</u>

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, 2015

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

**State Awards**

Dollar threshold used to distinguish between Type A and B programs: \$ 352,338.00

Auditee qualified as low-risk auditee?     X     Yes            No

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

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04            Yes     X     No

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>15-100-034-5120-473</u>	<u>Extraordinary Aid</u>
<u>15-100-034-5120-066</u>	<u>Non-Public Handicapped Services</u>
<u>15-495-034-5120-089</u>	<u>Non-Public Nursing Services</u>
<u>15-495-034-5120-086</u>	<u>Preschool Aid</u>
<u>15-495-034-5094-003</u>	<u>T.P.A.F. Social Security Aid</u>
<u>                                  </u>	<u>                                  </u>
<u>                                  </u>	<u>                                  </u>
<u>                                  </u>	<u>                                  </u>

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

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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, 2015

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.