

**SCHOOL DISTRICT
OF
MORRIS HILLS REGIONAL**



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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

**Comprehensive Annual
Financial Report**

of the

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

Rockaway, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

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

Business Office

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INTRODUCTORY SECTION



MORRIS HILLS REGIONAL DISTRICT

SUPERINTENDENT of SCHOOLS
James J. Jencarelli 973. 664.-2291

ASSISTANT SUPERINTENDENT
CURRICULUM & INSTRUCTION
Nisha Zoeller, D. Litt. 973. 664.2293

BUSINESS ADMINISTRATOR
& BOARD SECRETARY
Joann Auricchio 973. 664.2281

DISTRICT DIRECTOR EDUCATIONAL
/ ADMINISTRATIVE SERVICES
Brian Bulger, Ed.D. 973.664.2297

September 16, 2016

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

The Comprehensive Annual Financial Report (CAFR) of the Morris Hills Regional District (the "District") for the fiscal year ended June 30, 2016, is hereby submitted. The CAFR was prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applicable to governmental entities.

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

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The Management's Discussion and Analysis (MD&A) section provides an overview of factors that impact the District's financial position. This transmittal letter is designed to be read in conjunction with the MD&A.

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

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

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

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

Profile of the Morris Hills Regional District

The Morris Hills Regional District is a comprehensive regional public school district that provides academic, technological, and vocational programs for grades 9, 10, 11 and 12 as well as adult education programs. The District serves the communities of Denville Township, Rockaway Borough, Rockaway Township, and Wharton Borough. The total population of these four communities is approximately 54,000.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either liquidated or are included as reappropriations of fund balance in the subsequent fiscal year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments on June 30, 2016.

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

The District has enhanced program offerings that make it unique among other high schools in the state; in fact, school choice applications have grown drastically as a result of the enhanced opportunities available to students. In the 2015-2016 all available school choice seats in both high schools were filled. Some of the unique offerings include:

- AP Program: The District has expanded our AP Program and now offers 27 Advanced Placement options for students. AP offers students the opportunity to earn college credits while in high school, a major NJDOE initiative. In 2010, we were 1 of only 367 schools in the US and Canada to be recognized by the College Board for excellence in access and equity. In other words, we allow open enrollment for our Advanced Placement courses and high scores even though we have no minimum grade pre-requisite to enter the course. This past year, 85% of the students taking 1098 AP exams scored 3 or higher, which is high enough to earn college credit. 32% of exams taken earned a perfect score of 5.
- International Baccalaureate: The District is one of only 14 schools in New Jersey to offer the International Baccalaureate Diploma Program, an extremely competitive, internationally-recognized program for juniors and seniors. IB courses are as rigorous, if not more than AP courses and provide students the opportunity to earn college credit while in high school, a major NJDOE initiative. Our graduating classes in the IB Diploma Program continue to out-perform graduates of established IB Programs around the world, including areas in which the United States is considered weak, such as world language.
- Magnet Program for Math and Science: We are in our eighth year of offering a specialized program that emphasizes statistical analysis and scientific research, which includes coursework that is offered by no other high school in the state (and typically seen at the collegiate level). This past year, we were one of only a handful of districts in the country authorized to offer the AP Capstone Program, a new certificate program in collegiate-level research offered by the College Board. This program, combined with our specialized Magnet coursework, offers a 3-year sequence in Research Methods and provides students with training and skills to conduct collegiate level research and advanced STEM coursework. The NJDOE has been emphasizing the incorporation of STEM into high school curriculum; the Magnet Program exemplifies the type of STEM curricula that is going on in the best schools in the country. The Magnet Program is part of the National Consortium for Secondary Stem Schools (NCSSS), which requires that programs be aligned to the consortium's STEM standards.
- AVID Program: The District is in our fifth year of implementing the AVID Program (Advancement Via Individual Determination), a national and international program that helps students in the academic middle take more rigorous coursework and provides access to college for historically under-represented groups. Teachers are trained in research-based instructional strategies to work with this population, and students are provided access to upper level coursework traditionally reserved for the academic elite.
- Gifted and Talented Program: Unlike many high schools in the state, that only offer "gifted" programs through honors and AP coursework, the District also address the other areas of giftedness that are recognized by the National Association for Gifted Children through seminars, pull out programs and a vast independent study program.
- School Choice Program: The District continued two school choice programs that began in 2011-2012. The first, an intra-district school choice program allowed resident students to apply to either high school regardless of their address. Approximately 23 students participated in 2015-2016. Also in 2011-2012, Morris Hills Regional District was approved by the New Jersey Department of Education as a Choice School District. There were 128 students enrolled in the District in the 2015-16 school year. Funding is received directly from the State of New Jersey for these students.
- General Education Program: Our general education program provides all students with access to a truly comprehensive curriculum, including technology education, computer science, world languages, the academic core, and visual and performing arts. Both high schools are consistently ranked in the top 100 high schools in the state.

The District's enrollment reported on the application for State School Aid in October 2015 was 2,853 students compared to 2,856 students the prior year. Enrollment has been relatively stable with minor fluctuations for the past several years; however, a new residential development began construction in the spring of 2016 in Rockaway Township. The District has engaged a demographer to forecast the development's potential impact on the District's enrollment. Adult School enrollment was 53 students and fluctuates from year to year.

A school district must report students who reside in the district and are attending charter schools on its Application for State School Aid. Districts must also pay the charter school aid received for those students based on projected enrollment and aid. The aid is later adjusted based upon final enrolment and aid figures. The District has not had any students enrolled in charter schools as of the 2015-16 school year.

Economic Condition and Financial Outlook

The District continues to rely on local property taxes to support its budget. State aid for suburban school districts in New Jersey has remained frozen for many years. As enrollment and expenses increase and state aid remains flat, local property taxes have increased to support the school district.

New Jersey law limits the increase in New Jersey school districts' tax levies to 2% annually. In order to exceed the cap, a public vote is required. The Morris Hills Regional District Board of Education is committed to limiting tax increases and has explored alternate funding sources. In 2011 Morris Hills became a School Choice District which created a new source of aid for the District. Enrollments and aid attributable to this program increased. The District is also committed to sharing resources with our elementary school districts through shared services. There is a commitment from the elementary districts as well as the high school districts to continue these cost saving measures.

In addition to shared services, the District explored the feasibility of developing a County wide professional development program. Minimal fees would be charged to neighboring school Districts to offset the cost of presenters. This program is planned for 2017.

In the 2015 – 2016 school year, the District was able to reduce the amount of tax levy required to fund debt service repayment by \$113,000. This was the result of refinancing the bonds that were sold in 2004 to fund expansion and improvements in both school buildings. The District's buildings, Morris Hills High School and Morris Knolls High School were built in 1953 and 1964, respectively. Both buildings are exceptionally well maintained. In 2007, the District completed classroom additions at both schools that increased total square footage by 93,450. The District applied for and was awarded eight grants from the New Jersey Schools Development Authority in 2014 and that work continues in 2016. These grants are discussed in the Management's Discussion and Analysis section of this report. The District renovated kitchens and cafeterias in both school buildings over the last two years without using general or capital reserve funds. Menu item changes for both lunch and breakfast resulted in increased sales which were invested back into the operation.

Morris Hills Regional District is in its third round of successful ten-year strategic planning. Each round began with a process of outreach and collaboration by teachers, support staff, administrators, students and community members to identify and articulate common goals for the decade. The Goals outlined in the 2020 plan are:

Curriculum and Instruction

Morris Hills Regional District will develop a personalized learning experience through a comprehensive and diverse curriculum that empowers all students to become meaningful contributors to a global society through innovative instructional practices and authentic measures for assessing understanding.

Professional Development

Morris Hills Regional District will promote and facilitate standards-based professional development that is relevant to all stakeholders and responds to emerging needs. Targeted areas include, but are not limited to, developing effective teaching skills that meet the specific needs of all learners, infusing technology throughout instruction and infrastructure, fostering collegial relationships that advance learning communities, and providing the appropriate resources to empower life-long learners.

Community and Security

Morris Hills Regional District will encourage a relationship between the District and community that incorporates parental, student, and community involvement to promote mutual support for instructional and volunteer endeavors. Within this learning community, the District will provide an environment that is physically and emotionally secure.

Integrity and Ethics

The Morris Hills Regional District will empower the entire community to respect and celebrate the diverse strengths and experiences of each individual in the global community through civic service and an appreciation of various perspectives with an emphasis on personal integrity, ethical responsibility, team-building, persistence, and accountability.

Technology & Globalization

Morris Hills Regional District will provide resources for efficient integration of technology into its schools and curriculum through economically and environmentally responsible means while connecting to the global community and facilitating intercultural collaboration.

Fiscal Responsibility and Infrastructure

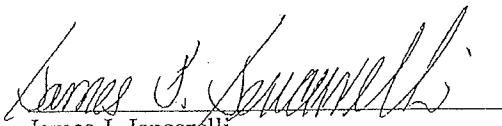
Morris Hills Regional District will appropriately and responsibly allocate fiscal resources to provide all students with an effective learning environment. The District will seek alternative funding, share resources and services, and pursue viable opportunities to reduce the tax burden on the District's residents without compromising the quality of education.

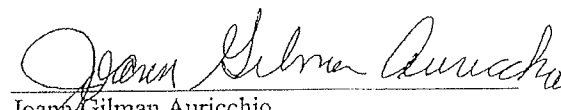
The population in three towns, Denville Township, Rockaway Borough, and Wharton Borough remained somewhat flat the last three years. However, Rockaway Township is experiencing modest growth and is expecting 300+ additional students in four years as a result of new construction of a development in town. The District's 9 – 12 enrollment is expected to grow with the addition of this housing. The District will have to determine which of the two schools, the new residents will attend. These decisions will be made once the demographic study is complete.

The Association of School Business Officials International ("ASBO") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Morris Hills Regional District for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2012, 2013 and 2014 and 2015. This program contributes to the enhancement of credibility of financial management, the adoption of accounting principles generally accepted in the United States of America, and sound budgetary and reporting purposes. In order to be awarded the Certificate of Excellence, the District must prepare the CAFR in a fashion that strictly conforms to generally accepted accounting principles and program requirements. The Certificate of Excellence is valid for a period of one year, and the District feels confident that it will continue to meet the program requirements and will apply for the award for the fiscal year ended June 30, 2016.

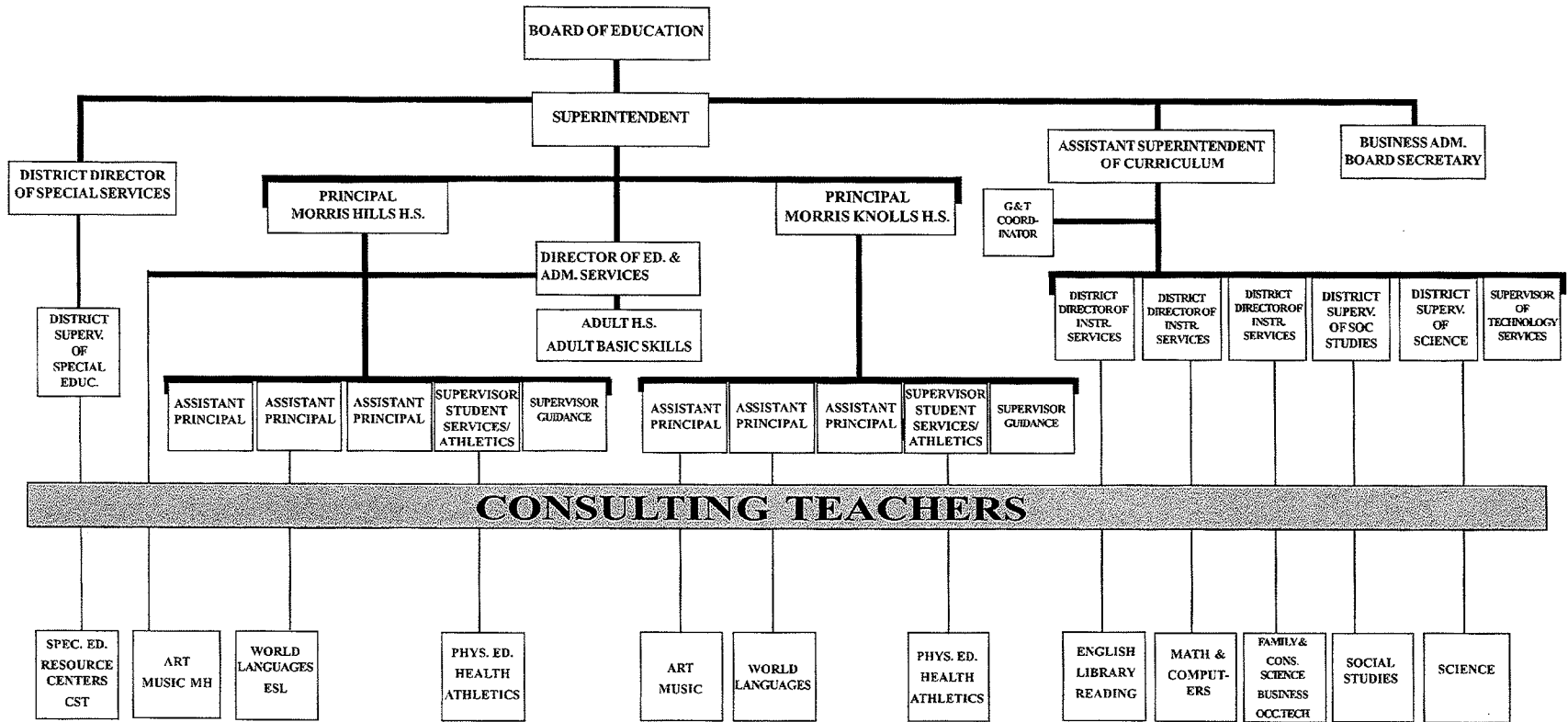
We would like to express our appreciation to the members of the Morris Hills Regional School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial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

Respectfully submitted,

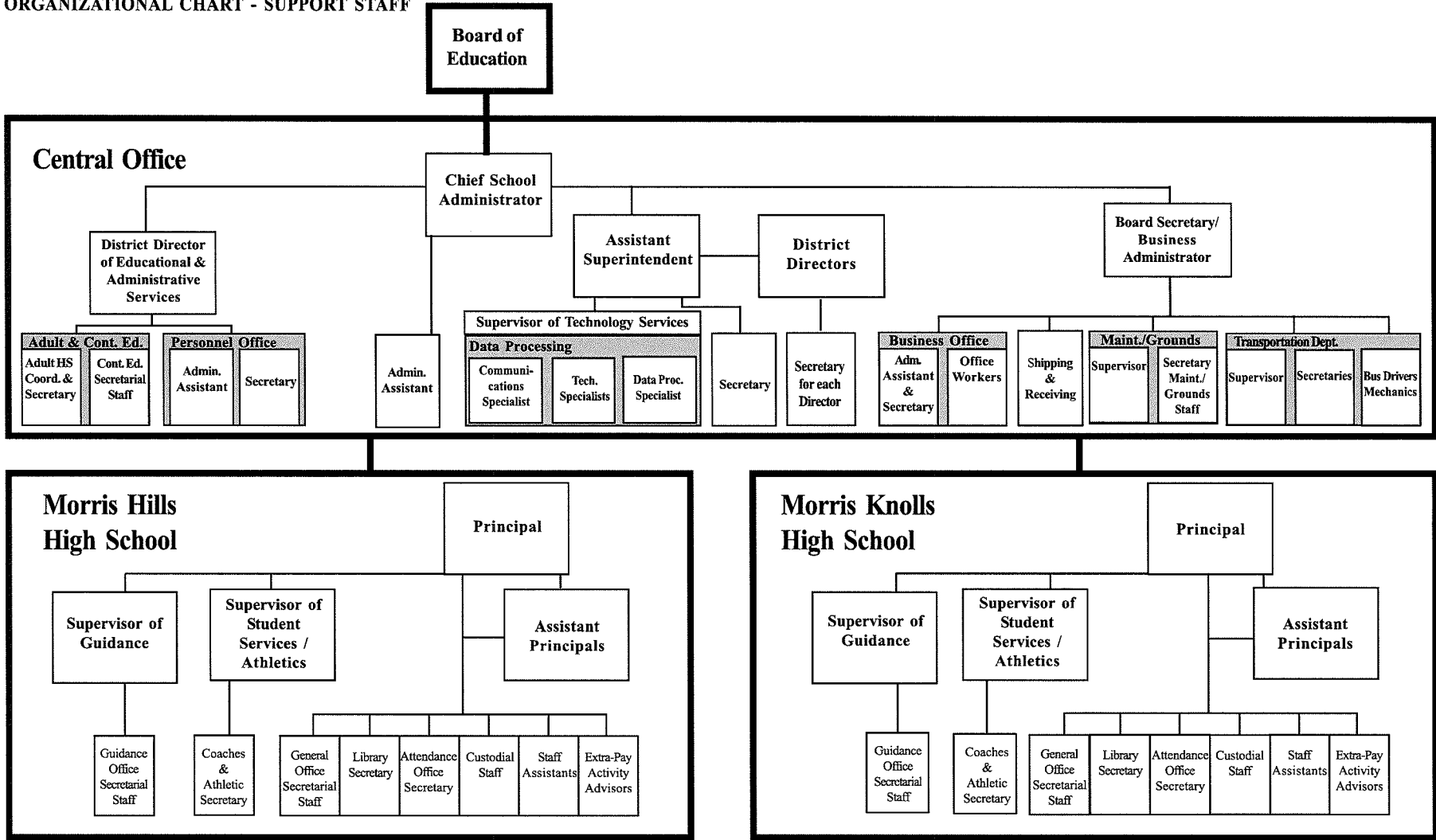

James J. Jencarelli
Superintendent


Joann Gilman Auricchio
Board Secretary/Business Administrator

**MORRIS HILLS REGIONAL DISTRICT
ORGANIZATIONAL CHART - CERTIFIED STAFF**



MORRIS HILLS REGIONAL DISTRICT
 ORGANIZATIONAL CHART - SUPPORT STAFF



**MORRIS HILLS REGIONAL SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mark DiGennaro, President	2018
Robert Crocetti, Jr., Vice President	2017
Michael Bertram	2018
Doug Brookes	2017
Paula Gilbert	2016
Barbara C. Guerra	2016
Rob Izsa	2016
Steven Kovacs	2017
William Serafin	2018

Other OfficialsTitle

James J. Jencarelli	Superintendent of Schools
Dr. Nisha Zoeller	Assistant Superintendent of Schools
Joann Gilman Auricchio	Board Secretary/School Business Administrator
Dr. Brian Bulger	Director of Education and Administrative Services
Comegno Law Group, P.C.	Board Attorney

**MORRIS HILLS REGIONAL SCHOOL DISTRICT
CONSULTANTS AND ADVISORS**

Attorney

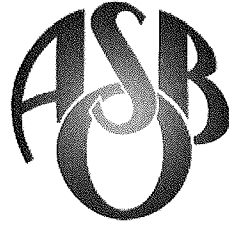
Comegno Law Group, P.C.
521 Pleasant Valley Avenue
Moorestown, New Jersey 08057

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, New Jersey 07856-1320

Official Depository

PNC Bank
339 Mount Hope Avenue
Rockaway, New Jersey 07866



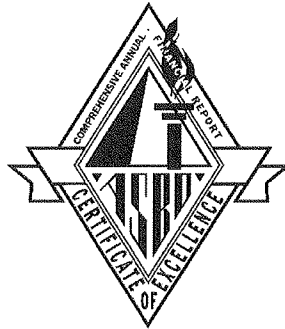
**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

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

Morris Hills Regional School District

**For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2015**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director

FINANCIAL SECTION



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

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

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Morris Hills Regional School District (the "District") in the County of Morris as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Morris Hills Regional School District, in the County of Morris, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nisivoccia, LLP

NISIVOCCIA, LLP

Mount Arlington, New Jersey
September 16, 2016

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

This section of Morris Hills Regional School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's basic financial statements, which immediately follow this section.

Financial Highlights

- The District's net position increased by \$2,008,769 during the course of the fiscal year.
- Overall revenue was \$84,691,846 for the fiscal year.
- Overall expenses were \$82,683,077 for the fiscal year.

Overview of the Financial Statements

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the fiscal year.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Morris Hills Regional School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

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

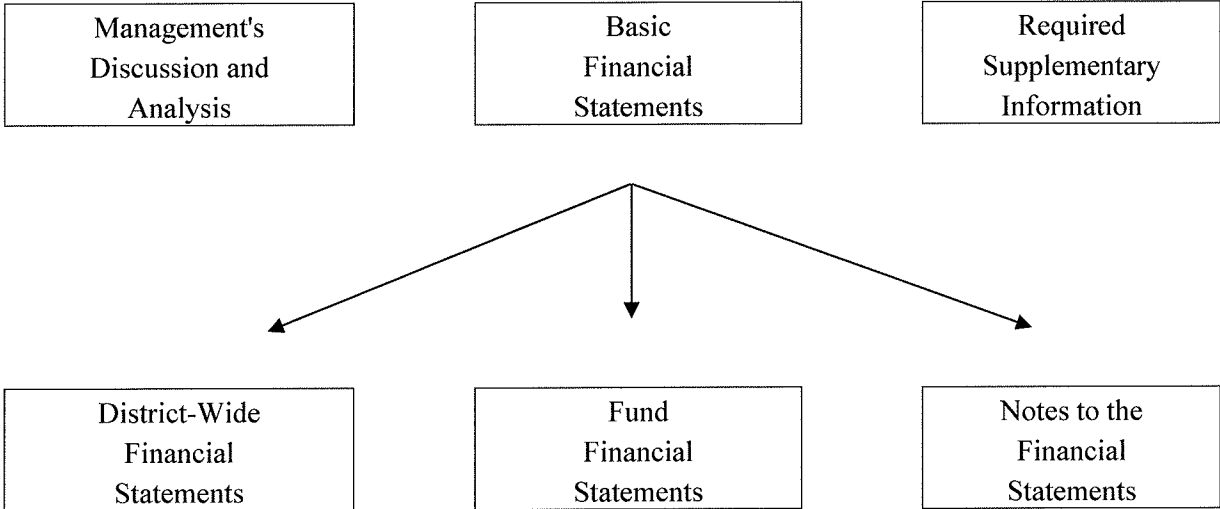


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

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

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position (deficit) was \$(4,197,984) on June 30, 2016, \$2,008,769 or 32.36% more than the prior year (See Figure A-3). Net investment in capital assets decreased by \$1,883,122 due to \$2,634,598 and \$34,123 of depreciation related to governmental and business-type capital assets, respectively, deferred amount on refunding of \$147,155, and a \$2,300,000 capital lease issued, offset by capital additions of \$1,379,909 and \$144,292 related to governmental and business-type activities, respectively, and the retirement of \$1,420,000 of bonded debt and \$288,553 of capital leases,. Restricted net position increased by \$1,217,265 due to a significant net increase in the capital reserve of \$1,167,521 due to deposits by Board resolution, interest earnings and the return of unexpended withdrawals totaling \$2,830,534, offset by withdrawals by budget and Board resolution totaling \$1,663,013. In addition, there was a net increase in the maintenance reserve of \$50,000 due to a deposit by Board resolution of \$300,000, offset by withdrawals by budget and Board resolution totaling \$250,000. Lastly, there was an offset of \$256 representing the net decrease in the debt service fund balance. Unrestricted net position increased by \$2,674,645 due to a \$90,478 net decrease in compensated absences, changes in pension assumptions of \$1,734,124, investment gains in pensions of \$729,907, the difference between expected and actual experience for pensions of \$511,162, a \$2,959,544 net increase in the capital projects fund, \$285,733 of bond premiums amortized, and an increase in unassigned fund balance of \$123,695, offset by increases in net pension liability of \$3,397,978 and accrued interest of \$18,804, changes in proportion in pensions of \$303,405, and a decrease in the operations of the business-type activities of \$39,830.

**Figure A-3
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	Change 2015/16
Current and Other Assets	\$ 9,342,453	\$ 4,737,415	\$ 301,335	\$ 341,529	\$ 9,643,788	\$ 5,078,944	89.88%
Capital Assets, Net	39,939,774	41,194,463	686,752	576,583	40,626,526	41,771,046	-2.74%
Total Assets	49,282,227	45,931,878	988,087	918,112	50,270,314	46,849,990	7.30%
Deferred Outflows of Resources	6,531,707	3,696,599			6,531,707	3,696,599	76.70%
Other Liabilities	2,078,854	848,986	34,785	35,149	2,113,639	884,135	139.06%
Long-Term Liabilities	58,408,017	54,794,803			58,408,017	54,794,803	6.59%
Total Liabilities	60,486,871	55,643,789	34,785	35,149	60,521,656	55,678,938	8.70%
Deferred Inflows of Resources	478,349	1,074,404			478,349	1,074,404	-55.48%
Net Position:							
Net Investment in Capital Assets	12,889,944	14,883,235	686,752	576,583	13,576,696	15,459,818	-12.18%
Restricted	3,573,668	2,356,403			3,573,668	2,356,403	51.66%
Unrestricted (Deficit)	(21,614,879)	(24,329,354)	266,550	306,380	(21,348,329)	(24,022,974)	11.13%
Total Net Position (Deficit)	\$ (5,151,267)	\$ (7,089,716)	\$ 953,302	\$ 882,963	\$ (4,197,965)	\$ (6,206,753)	32.36%

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

Financial Analysis of the District as a Whole

Changes in Net Position. The District's combined net position increased by \$2,008,769, or 32.36%. Net position from governmental activities increased \$1,938,430 and net position from business-type activities increased by \$70,339 (See Figure A-4).

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	Change
Revenue:							
Program Revenue:							
Charges for Services			\$ 3,473,929	\$ 3,474,848	\$ 3,473,929	\$ 3,474,848	-0.03%
Grants and Contributions:							
Operating	\$ 18,030,698	\$ 15,142,605	287,571	230,898	18,318,269	15,373,503	19.15%
Capital		11,321				11,321	-100.00%
General Revenue:							
Property Taxes	56,937,759	55,801,310			56,937,759	55,801,310	2.04%
Unrestricted Federal and State Aid	5,531,590	5,300,269			5,531,590	5,300,269	4.36%
Other	430,299	336,535			430,299	336,535	27.86%
Total Revenue	<u>80,930,346</u>	<u>76,592,040</u>	<u>3,761,500</u>	<u>3,705,746</u>	<u>84,691,846</u>	<u>80,297,786</u>	5.47%
Expenses:							
Instruction	42,523,407	40,064,071			42,523,407	40,064,071	6.14%
Pupil and Instruction Services	15,916,093	15,305,835			15,916,093	15,305,835	3.99%
Administration and Business	6,118,028	6,134,063			6,118,028	6,134,063	-0.26%
Maintenance and Operations	5,392,773	5,182,146			5,392,773	5,182,146	4.06%
Transportation	4,963,127	4,760,225			4,963,127	4,760,225	4.26%
Other	4,078,488	4,007,471	3,691,161	3,608,336	7,769,649	7,615,807	2.02%
Total Expenses	<u>78,991,916</u>	<u>75,453,811</u>	<u>3,691,161</u>	<u>3,608,336</u>	<u>82,683,077</u>	<u>79,062,147</u>	4.58%
Increase in Net Position	1,938,430	1,138,229	70,339	97,410	2,008,769	1,235,639	62.57%
Beginning Net Position (Deficit)	(7,089,716)	(8,227,945)	882,963	785,553	(6,206,753)	(7,442,392)	16.60%
Ending Net Position (Deficit)	<u>\$ (5,151,286)</u>	<u>\$ (7,089,716)</u>	<u>\$ 953,302</u>	<u>\$ 882,963</u>	<u>\$ (4,197,984)</u>	<u>\$ (6,206,753)</u>	32.36%

Revenue Sources. The District's total revenue for the 2015/2016 school year was \$84,691,846 (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$56,937,759 of the total, or 67.23 percent (See Figure A-5). The remaining 32.77 percent of revenue is comprised of 28.16 percent from state formula aid and federal and state categorical grants, 4.1 percent from charges for services and .51 percent from other miscellaneous sources. The \$16,239,363 of federal and state categorical grants revenue includes \$12,412,208 of funds that are not paid to the District, but are included in funding for TPAF Post-Retirement Medical Benefits and Pension Contributions that the State of New Jersey is paying on behalf of the District as well as \$1,939,852 of reimbursed TPAF Social Security Contributions. The Morris Hills Regional School District primarily conducts its operations from the revenue it receives from its local taxpayers and State Aid.

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

**Figure A-5
Sources of Revenue for Fiscal Year 2016 and 2015**

Sources of Income:	2015/16		2014/15	
	Amount	Percentage	Amount	Percentage
State Formula Aid	\$ 7,607,161	8.98%	\$ 7,360,433	9.17%
Property Taxes	56,937,759	67.23%	55,801,310	69.49%
Federal and State Categorical Grants	16,239,363	19.18%	13,324,660	16.59%
Charges for Services	3,473,929	4.10%	3,474,848	4.33%
Other	433,634	0.51%	336,535	0.42%
	<u>\$ 84,691,846</u>	<u>100.00%</u>	<u>\$ 80,297,786</u>	<u>100.00%</u>

The total cost of all programs and services was \$82,683,077. The District's expenses are predominantly related to instructing, caring for (pupil and instruction services) and transporting students (76.68 percent) (See Figure A-6). The District's administrative and business costs accounted for 7.40 percent of total costs and maintenance and operations costs accounted for 6.52 percent of total costs. It is important to note that other expenses included \$640,370 for special schools, \$2,352,091 of unallocated depreciation, \$1,086,027 of interest on long-term debt and \$3,691,161 for business-type activities expenses and represented 9.40 percent of total costs.

**Figure A-6
Expenses for Fiscal Year 2016 and 2015**

Expense Category:	2015/16		2014/15	
	Amount	Percentage	Amount	Percentage
Instruction	\$ 42,523,407	51.43%	\$ 40,064,071	50.67%
Pupil and Instruction Services	15,916,093	19.25%	15,305,835	19.36%
Administration and Business	6,118,028	7.40%	6,134,063	7.76%
Maintenance and Operations	5,392,773	6.52%	5,182,146	6.56%
Transportation	4,963,127	6.00%	4,760,225	6.02%
Other	7,769,649	9.40%	7,615,807	9.63%
	<u>\$ 82,683,077</u>	<u>100.00%</u>	<u>\$ 79,062,147</u>	<u>100.00%</u>

Governmental Activities

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

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

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

	Total Cost of Services		Net Cost of Services	
	2015/2016	2014/2015	2015/2016	2014/2015
Instruction	\$ 42,523,407	\$ 40,064,071	\$ 28,498,891	\$ 28,135,042
Pupil and Instruction Services	15,916,093	15,305,835	13,285,601	13,214,426
Administration and Business	6,118,028	6,134,063	5,252,939	5,442,783
Maintenance and Operations	5,392,773	5,182,146	5,392,773	5,170,825
Transportation	4,963,127	4,760,225	4,661,812	4,458,279
Other	4,078,488	4,007,471	3,869,202	3,878,530
	<u>\$ 78,991,916</u>	<u>\$ 75,453,811</u>	<u>\$ 60,961,218</u>	<u>\$ 60,299,885</u>

- The cost of all governmental activities this fiscal year was \$78,991,916.
- The federal and state governments subsidized certain programs with grants and contributions (\$15,951,792).
- Most of the District's costs, however, were financed by District taxpayers (\$56,937,759).
- A portion of governmental activities was financed with state aid based on the SFRA formula (\$7,607,161).
- The remainder of funding came from tuition, investment earnings and miscellaneous revenue (\$433,634).

Business-Type Activities

The net position of the District's business-type activities increased by \$70,339, which was comprised of a \$90,052 increase in net position for the food service fund, offset by decreases in the net position of the academy for technology program of \$19,572 and the adult continuing education program of \$141. (Refer to Figure A-4). The increase in the food service fund continues to be primarily attributable to the change in food service vendor in the prior year which has led to a significant turnaround. The decrease in the academy for technology was strictly associated with the annual depreciation of its capital assets.

Financial Analysis of the District's Funds

The District's General Fund fund balance increased \$1,341,216 on the GAAP basis during the fiscal year primarily due to a \$198,579 excess in anticipated revenue and \$3,677,800 of unexpended budget appropriations, offset by a net increase of \$29,684 in the June state aid payments which are not recognized until the subsequent fiscal year, \$623,000 of fund balance, \$250,000 of maintenance reserve, and the net amount of \$154,206 of capital reserve utilized in the 2015-2016 budget plus the transfer of \$1,478,473 from the Capital Reserve Account to the District's Capital Projects Fund for the local share of current year capital projects. Within the General Fund, the District was able to deposit \$2,800,000 and \$300,000 into the Capital Reserve and Maintenance Reserve Accounts, respectively, during the fiscal year as a result of spending under budgeted amounts. The District's Capital Projects Fund fund balance increased \$2,959,544 on the GAAP basis during the fiscal year as a result of the \$1,478,473 transfers from the General Fund and \$2,300,000 in capital lease proceeds, offset by \$818,929 in expenditures relating to various capital projects.

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

Financial Analysis of the District's Funds

The State imposes spending and tax levy limits on the District in its budget process. The financial condition has been directly affected in recent years by legislation titled "S1701" which reduced the amount of allowable General Fund unassigned fund balance to 2% of adjusted expenditures. At June 30, 2016 the District's 2% limit is \$1,233,399 plus adjustments for additional State Aid of \$87,954, for a total of \$1,321,353 as allowable General Fund unassigned fund balance. However, since the District appropriated \$623,000 of fund balance as revenue in its 2016-2017 budget, only \$797,607 (or 1.29%) is unassigned at June 30, 2016.

General Fund Budgetary Highlights

Over the course of the fiscal year, the District revised the annual operating budget between budgetary line items for changes in school-based needs. Learning and/or language disabilities for special education instruction and extraordinary services for special education increased 44.9% and 33.3%, respectively, above budgeted amounts due to the needs of incoming students. The District transferred \$140,000 from the Maintenance Reserve for costs associated with HVAC in the Board Office and hot water heaters at Morris Hills and Morris Knolls High Schools.

Capital Asset and Debt Administration

The District's capital assets (net of depreciation) decreased \$1,144,520, or 2.74%, during the fiscal year. (More detailed information about the District's capital assets is presented in Note 6 to the Basic Financial Statements).

**Figure A-8
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	Change 2015/16
Sites (Land)	\$ 288,500	\$ 288,500			\$ 288,500	\$ 288,500	0.00%
Construction in Progress Buildings and Building Improvements	3,780,942	2,962,013			3,780,942	2,962,013	27.65%
Land Improvements	32,827,803	34,907,801			32,827,803	34,907,801	-5.96%
Machinery & Equipment	813,586	974,476	\$ 686,752	\$ 576,583	813,586	974,476	-16.51%
Total Capital Assets, Net of Depreciation	2,228,943	2,061,673			2,915,695	2,638,256	10.52%
	\$ 39,939,774	\$ 41,194,463	\$ 686,752	\$ 576,583	\$ 40,626,526	\$ 41,771,046	-2.74%

The District invested \$1,524,201 in capital assets - \$1,379,909 from governmental activities (which includes \$818,929 from capital projects and \$560,980 from capital outlay for equipment purchases and facilities acquisition and construction services) and \$144,292 from business-type activities. The District incurred \$2,634,598 and \$34,123 of depreciation related to governmental and business-type capital assets, respectively.

Long-term Liabilities

The District's long-term liabilities increased by \$3,613,214, or 6.59%, during the fiscal year. At fiscal year-end, the District had \$26,810,000 in general obligation bonds outstanding, \$3,871,221 in compensated absences payable, \$4,000,262 in unamortized bond issuance premiums, \$21,426,534 in net pension liability and \$2,300,000 in capital leases payable as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 8 to the Basic Financial Statements).

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

Long-term Liabilities

Figure A-9

Outstanding Long-Term Liabilities

	Total School District		Percentage Change 2015/16
	2015/16	2014/15	
General Obligation Bonds (Financed with Property Taxes), Net	\$ 26,810,000	\$ 28,230,000	-5.03%
Net Pension Liability	21,426,534	18,028,556	18.85%
Other Long-Term Liabilities	10,171,483	8,536,247	19.16%
	<u>\$ 58,408,017</u>	<u>\$ 54,794,803</u>	6.59%

- The District retired \$1,420,000 of its general obligation bonds during the fiscal year.
- The District's net pension liability increased by \$3,397,978.
- The District's liability for compensated absences decreased by the net amount of \$90,478.
- Unamortized bond issuance premiums decreased by \$285,733.
- The District paid down \$288,553 of capital leases payable during the 2015-2016 fiscal year for the local share of the Morris Knolls High School's roof replacement capital project and issued a capital lease of \$2,300,000 during the 2015-2016 fiscal year for the local share of the Morris Hills and Morris Knolls High Schools' partial roof replacement, the Morris Hills High School's HVAC and the Morris Knolls High School's partial window replacement capital projects.
- Other long-term liabilities is comprised of unamortized bond issuance premiums, compensated absences payable and capital leases payable.

Factors Bearing on the District's Future

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

- The labor unit contract agreements with the District's Teachers bargaining unit and the Custodial bargaining unit expire June 30, 2017. The labor unit contract agreements with the District's Administrators' bargaining units expire June 30, 2017, and the contract agreement with the District's Bus Drivers' bargaining unit expires June 30, 2018.
- Meeting the needs of increasing salary and health benefit costs have been major budget concerns to the District. Increased employee contributions and positive experience ratings have been helpful in addressing health benefit premium increases. The largest group of employees, teachers, staff assistants and secretaries, entered Tier 3 in the 2015-16 school year. Bus drivers, Administrators and Custodians were on Tier 4. The District is expecting significant increases in contributions as the largest group moves into tier 4 in 2016-17.
- Legislation titled S1701 and A-99, passed by the State in June 2004, required school districts to reduce unassigned fund balance in the General Fund to 2% of annual budget expenditures for the past three years. The law reduced the amount by which Districts could increase their budgets to 2% and imposed tight restrictions on their ability to transfer funds within the budget, from existing fund balance or from capital reserve. The District has been left with limited resources to fund unanticipated costs and future budgets. Legislation in 2010 has further restricted the allowable tax levy increase to 2%.

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

Factors Bearing on the District's Future

- The District is committed to remaining within the 2% cap increase allowed on the school levy. Other sources of revenue have been pursued, including School Choice dollars which are again on the rise due to increased enrollment. The District will continue to monitor costs by implementing best practices which result in efficient operations including sharing services with our elementary districts.
- Each year, the Morris Hills Regional District addresses items from its Long Range Facilities Plan as well as its Capital Plan using funds from Capital Reserve. Additionally the District was awarded eight Regular Operating District Grants from the New Jersey Schools Development Authority for major building upgrades.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,182,882	\$ 237,506	\$ 4,420,388
Internal Balances	61,940	(61,940)	
Receivables from Federal Government	418,118	41,913	460,031
Receivables from State Government	722,905	1,313	724,218
Receivable from Other Governments	319,365		319,365
Receivables - Other	64,575	67,605	132,180
Inventories		14,938	14,938
Restricted Assets - Cash and Cash Equivalents:			
Capital Reserve Account	3,265,339		3,265,339
Maintenance Reserve Account	307,329		307,329
Capital Assets, Net:			
Sites (Land) and Construction in Progress	4,069,442		4,069,442
Depreciable Buildings and Building Improvements, Land Improvements, and Machinery & Equipment	35,870,332	686,752	36,557,084
Total Assets	<u>49,282,227</u>	<u>988,087</u>	<u>50,270,314</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Debt Refunding	2,060,170		2,060,170
Changes in Assumptions - Pensions	2,301,039		2,301,039
Changes in Proportion - Pensions	752,806		752,806
Difference Between Expected and Actual Experience - Pensions	511,162		511,162
District Contribution Subsequent to the Measurement Date - Pensions	906,530		906,530
Total Deferred Outflows of Resources	<u>6,531,707</u>		<u>6,531,707</u>
LIABILITIES			
Current Liabilities:			
Payable to State Government	266		266
Accounts Payable	1,703,247	15,867	1,719,114
Accrued Interest Payable	329,376		329,376
Unearned Revenue	45,965	18,918	64,883
Noncurrent Liabilities:			
Due Within One Year	2,183,115		2,183,115
Due Beyond One Year	56,224,902		56,224,902
Total Liabilities	<u>60,486,871</u>	<u>34,785</u>	<u>60,521,656</u>
DEFERRED INFLOWS OF RESOURCES			
Investment Gains - Pensions	344,497		344,497
Changes in Proportion - Pensions	133,852		133,852
Total Deferred Inflows of Resources	<u>478,349</u>		<u>478,349</u>
NET POSITION			
Net Investment in Capital Assets	12,889,944	686,752	13,576,696
Restricted for:			
Capital Projects	3,265,339		3,265,339
Debt Service	1,000		1,000
Maintenance	307,329		307,329
Unrestricted (Deficit)	<u>(21,614,898)</u>	<u>266,550</u>	<u>(21,348,348)</u>
Total Net Position (Deficit)	<u>\$ (5,151,286)</u>	<u>\$ 953,302</u>	<u>\$ (4,197,984)</u>

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 31,973,788		\$ 8,250,921		\$ (23,722,867)		\$ (23,722,867)
Special Education	5,524,464		4,396,732		(1,127,732)		(1,127,732)
Other Special Instruction	935,440		287,302		(648,138)		(648,138)
School-Sponsored Other Instruction	4,089,715		1,089,561		(3,000,154)		(3,000,154)
Support Services:							
Tuition	4,996,386				(4,996,386)		(4,996,386)
Student & Instruction Related Services	10,919,707		2,630,492		(8,289,215)		(8,289,215)
General Administration Services	967,219				(967,219)		(967,219)
School Administration Services	3,311,209		865,089		(2,446,120)		(2,446,120)
Central Services	1,141,510				(1,141,510)		(1,141,510)
Administrative Information Technology	698,090				(698,090)		(698,090)
Plant Operations and Maintenance	5,392,773				(5,392,773)		(5,392,773)
Pupil Transportation	4,963,127		301,315		(4,661,812)		(4,661,812)
Special Schools	640,370		209,286		(431,084)		(431,084)
Interest on Long-Term Debt	1,086,027				(1,086,027)		(1,086,027)
Unallocated Depreciation	2,352,091				(2,352,091)		(2,352,091)
Total Governmental Activities	78,991,916		18,030,698		(60,961,218)		(60,961,218)

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 1,220,669	\$ 1,023,150	\$ 287,571		\$ 90,052	\$ 90,052	
Academy for Technology	1,137,372	1,117,800			(19,572)	(19,572)	
Adult Continuing Education	83,718	83,577			(141)	(141)	
Shared Services	1,249,402	1,249,402					
Total Business-Type Activities	3,691,161	3,473,929	287,571		70,339	70,339	
Total Primary Government	\$ 82,683,077	\$ 3,473,929	\$ 18,318,269	\$ - 0 -	\$ (60,961,218)	70,339	(60,890,879)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					54,322,759	54,322,759	
Taxes Levied for Debt Service					2,615,000	2,615,000	
Federal and State Aid Not Restricted					5,531,590	5,531,590	
Tuition Charges					212,230	212,230	
Investment Earnings					5,957	5,957	
Miscellaneous Income					212,112	212,112	
Total General Revenues					62,899,648	- 0 -	62,899,648
Change in Net Position					1,938,430	70,339	2,008,769
Net Position (Deficit) - Beginning					(7,089,716)	882,963	(6,206,753)
Net Position (Deficit) - Ending					\$ (5,151,286)	\$ 953,302	\$ (4,197,984)

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

FUND FINANCIAL STATEMENTS

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents			\$ 4,181,882	\$ 1,000	\$ 4,182,882
Interfund Receivable	\$ 441,021		177,853		618,874
Receivables from Federal Government		\$ 418,118			418,118
Receivables from State Government	717,216	5,689			722,905
Receivable from Other Governments	319,365				319,365
Receivables - Other	64,575				64,575
Restricted Cash and Cash Equivalents	3,572,668				3,572,668
Total Assets	<u>\$ 5,114,845</u>	<u>\$ 423,807</u>	<u>\$ 4,359,735</u>	<u>\$ 1,000</u>	<u>\$ 9,899,387</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable	\$ 177,853	\$ 379,081			\$ 556,934
Payable to State Government		266			266
Accounts Payable	642,049	28,958	\$ 125,710		796,717
Unearned Revenue	30,463	15,502			45,965
Total Liabilities	<u>850,365</u>	<u>423,807</u>	<u>125,710</u>		<u>1,399,882</u>
Fund Balances:					
Restricted:					
Capital Reserve Account	3,265,339				3,265,339
Maintenance Reserve Account	307,329				307,329
Debt Service Fund				\$ 1,000	1,000
Committed			4,234,025		4,234,025
Assigned:					
For Subsequent Year's Expenditures	623,000				623,000
Unassigned	68,812				68,812
Total Fund Balances	<u>4,264,480</u>	<u>- 0 -</u>	<u>4,234,025</u>	<u>1,000</u>	<u>8,499,505</u>
Total Liabilities and Fund Balances	<u>\$ 5,114,845</u>	<u>\$ 423,807</u>	<u>\$ 4,359,735</u>	<u>\$ 1,000</u>	<u>\$ 9,899,387</u>

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

Total Fund Balances (Per Above)	\$ 8,499,505
Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds. The Cost of the assets is \$108,847,510 and the accumulated depreciation is \$68,907,736.	39,939,774
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(21,426,534)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	2,301,039
Changes in Proportions - Pensions	752,806
Difference Between Expected and Actual Experience - Pensions	511,162
Investment Gains - Pensions	(344,497)
Changes in Proportions - Pensions	(133,852)
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.	(32,981,221)
The Deferred Amount on Refunding is not reported as an expenditure in the Governmental Funds in the year of the expenditure. The Deferred Amount on Refunding is \$2,795,959 and the accumulated amortization is \$735,789.	2,060,170
Bond Issuance Premiums are reported as revenue in the Funds. These premiums total \$5,428,927 and the accumulated amortization is \$1,428,665.	(4,000,262)
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(329,376)
Net Position of Governmental Activities (Exhibit A-1)	<u>\$ (5,151,286)</u>

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources:					
Local Tax Levy	\$ 54,322,759			\$ 2,615,000	\$ 56,937,759
Tuition Charges	212,230				212,230
Miscellaneous	217,075	\$ 3,335	\$ 994		221,404
Total - Local Sources	54,752,064	3,335	994	2,615,000	57,371,393
State Sources	14,826,470	208,592			15,035,062
Federal Sources	1,473	739,207			740,680
Total Revenues	69,580,007	951,134	994	2,615,000	73,147,135
EXPENDITURES					
Current:					
Regular Instruction	20,167,050	70,151			20,237,201
Special Education Instruction	2,737,884	783,913			3,521,797
Other Special Instruction	635,628				635,628
School-Sponsored Other Instruction	2,952,714				2,952,714
Support Services and Undistributed Costs:					
Tuition	4,996,386				4,996,386
Student & Instruction Related Services	6,518,827	97,070			6,615,897
General Administration Services	852,100				852,100
School Administration Services	2,010,456				2,010,456
Central Services	935,556				935,556
Administrative Information Technology	527,339				527,339
Plant Operations and Maintenance	3,935,050				3,935,050
Pupil Transportation	3,688,678				3,688,678

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES					
Current:					
Allocated Benefits	\$ 8,573,967				\$ 8,573,967
Unallocated Benefits	6,568,849				6,568,849
Capital Outlay	1,196,601		\$ 818,929		2,015,530
Special Schools	463,233				463,233
Debt Service:					
Principal				\$ 1,420,000	1,420,000
Interest and Other Charges				1,196,250	1,196,250
Total Expenditures	<u>66,760,318</u>	<u>\$ 951,134</u>	<u>818,929</u>	<u>2,616,250</u>	<u>71,146,631</u>
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	<u>2,819,689</u>	<u>- 0 -</u>	<u>(817,935)</u>	<u>(1,250)</u>	<u>2,000,504</u>
OTHER FINANCING SOURCES/(USES)					
Capital Lease Proceeds (Non-Budgeted)			2,300,000		2,300,000
Transfers In			1,478,473	994	1,479,467
Transfers Out	(1,478,473)		(994)		(1,479,467)
Total Other Financing Sources/(Uses)	<u>(1,478,473)</u>	<u>- 0 -</u>	<u>3,777,479</u>	<u>994</u>	<u>2,300,000</u>
Net Change in Fund Balances	1,341,216	- 0 -	2,959,544	(256)	4,300,504
Fund Balance—July 1	<u>2,923,264</u>	<u>- 0 -</u>	<u>1,274,481</u>	<u>1,256</u>	<u>4,199,001</u>
Fund Balance—June 30	<u>\$ 4,264,480</u>	<u>\$ - 0 -</u>	<u>\$ 4,234,025</u>	<u>\$ 1,000</u>	<u>\$ 8,499,505</u>

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

Exhibit B-3

MORRIS HILLS REGIONAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$ 4,300,504
Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays.	
Depreciation Expense	\$ (2,634,598)
Capital Outlays	<u>1,379,909</u>
	(1,254,689)
Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	1,420,000
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).	(18,804)
The governmental funds report the effect of bond issuance premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (+)	285,733
The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas this amount is deferred and amortized in the statement of activities (-)	(147,155)
Capital Leases entered into by the District are other financing sources in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.	(2,300,000)
Repayment of capital lease is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	288,553
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:	
Change in Net Pension Liability	(3,397,978)
Deferred Outflows:	
Changes in Assumptions	1,734,124
Changes in Proportion	(169,553)
Difference Between Expected and Actual Experience	511,162
Deferred Inflows:	
Changes in Proportion	(133,852)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	729,907
In the statement of activities, certain operating expenditures, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).	<u>90,478</u>
Change in Net Position of Governmental Activities (Exhibit A-2)	<u>\$ 1,938,430</u>

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Total Enterprise Funds</u>
	<u>Major Funds</u>			<u>Non-Major Fund</u>	
	<u>Food Service</u>	<u>Academy for Technology</u>	<u>Shared Services</u>	<u>Adult Continuing Education</u>	
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 214,790	\$ 6,619		\$ 16,097	\$ 237,506
Receivable from:					
Federal Government	41,913				41,913
State Government	1,313				1,313
Receivables - Other	124		\$ 67,481		67,605
Inventories	14,938				14,938
Total Current Assets	<u>273,078</u>	<u>6,619</u>	<u>67,481</u>	<u>16,097</u>	<u>363,275</u>
Non-Current Assets:					
Capital Assets	602,254	1,002,113			1,604,367
Less: Accumulated Depreciation	<u>(385,236)</u>	<u>(532,379)</u>			<u>(917,615)</u>
Total Non-Current Assets	<u>217,018</u>	<u>469,734</u>			<u>686,752</u>
Total Assets	<u>490,096</u>	<u>476,353</u>	<u>67,481</u>	<u>16,097</u>	<u>1,050,027</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Total Enterprise Funds</u>
	<u>Major Funds</u>			<u>Non-Major Fund</u>	
	<u>Food Service</u>	<u>Academy for Technology</u>	<u>Shared Services</u>	<u>Adult Continuing Education</u>	
LIABILITIES:					
Current Liabilities:					
Interfund Payable - General Fund			\$ 61,940		\$ 61,940
Accounts Payable	\$ 10,326		5,541		15,867
Unearned Revenue - Prepaid Sales	18,918				18,918
Total Current Liabilities	<u>29,244</u>		<u>67,481</u>		<u>96,725</u>
Total Liabilities	<u>29,244</u>		<u>67,481</u>		<u>96,725</u>
NET POSITION:					
Investment in Capital Assets	217,018	\$ 469,734			686,752
Unrestricted	243,834	6,619		\$ 16,097	266,550
Total Net Position	<u>\$ 460,852</u>	<u>\$ 476,353</u>	<u>\$ -0-</u>	<u>\$ 16,097</u>	<u>\$ 953,302</u>

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds
	Major Funds			Non-Major Fund	
	Food Service	Academy for Technology	Shared Services	Adult Continuing Education	
Operating Revenue:					
Charges for Services:					
Daily Sales:					
Reimbursable Programs	\$ 403,214				\$ 403,214
Non-Reimbursable Programs	582,506				582,506
Total Daily Sales	985,720				985,720
Special Events	37,430				37,430
Tuition		\$ 1,117,800		\$ 83,577	1,201,377
Service Fees			\$ 1,249,402		1,249,402
Total Operating Revenue	1,023,150	1,117,800	1,249,402	83,577	3,473,929
Operating Expenses:					
Cost of Sales:					
Reimbursable Programs	293,832				293,832
Non-Reimbursable Programs	277,400				277,400
Total Cost of Sales	571,232				571,232
Salaries	345,528	875,589	821,753	7,085	2,049,955
Payroll Taxes	54,605	29,500	27,194	536	111,835
Employee Benefits	26,983	212,711	166,663		406,357
Purchased Professional - Educational Services			110,210		110,210
Purchased Property Services	150,748			71,960	222,708
Supplies and Materials	57,022		123,582		180,604
Other Objects				4,137	4,137
Depreciation Expense	14,551	19,572			34,123
Total Operating Expenses	1,220,669	1,137,372	1,249,402	83,718	3,691,161

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds
	Major Funds			Non-Major Fund	
	Food Service	Academy for Technology	Shared Services	Adult Continuing Education	
Operating Income/(Loss)	\$ (197,519)	\$ (19,572)	\$ -0-	\$ (141)	\$ (217,232)
Non-Operating Revenue:					
Federal Sources:					
School Breakfast Program	45,488				45,488
National School Lunch Program	196,377				196,377
Food Distribution Program	37,875				37,875
State Sources:					
School Lunch Program	7,831				7,831
Total Non-Operating Revenue	287,571				287,571
Change in Net Position	90,052	(19,572)	-0-	(141)	70,339
Net Position - Beginning of Year	370,800	495,925	-0-	16,238	882,963
Net Position - End of Year	\$ 460,852	\$ 476,353	\$ -0-	\$ 16,097	\$ 953,302

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>				Total Enterprise Funds
	<u>Major Funds</u>			<u>Non-Major Fund</u>	
	Food Service	Academy for Technology	Shared Services	Adult Continuing Education	
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 1,028,094	\$ 1,117,800	\$ 1,279,724	\$ 83,577	\$ 3,509,195
Payments to Employees		(905,089)	(848,947)	(7,621)	(1,761,657)
Payments to Food Service Vendor	(1,146,436)				(1,146,436)
Payments to Suppliers	(34,640)	(212,711)	(430,777)	(76,617)	(754,745)
Net Cash Provided by/(Used for) Operating Activities	(152,982)	-0-	-0-	(661)	(153,643)
Cash Flows from Noncapital and Related Financing Activities:					
Federal Subsidy Reimbursements	213,629				213,629
State Subsidy Reimbursements	7,154				7,154
Net Cash Provided by Noncapital and Related Financing Activities	220,783				220,783
Cash Flows from Capital and Related Financing Activities:					
Purchase of Capital Assets	(144,292)				(144,292)
Net Cash Used for Capital and Related Financing Activities	(144,292)	-0-	-0-	-0-	(144,292)
Net Increase/(Decrease) in Cash and Cash Equivalents	(76,491)	-0-	-0-	(661)	(77,152)
Cash and Cash Equivalents, July 1	291,281	6,619	-0-	16,758	314,658
Cash and Cash Equivalents, June 30	\$ 214,790	\$ 6,619	\$ -0-	\$ 16,097	\$ 237,506

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds				
	Major Funds			Non-Major Fund	Total Enterprise Funds
	Food Service	Academy for Technology	Shared Services	Adult Continuing Education	
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:					
Operating Income/(Loss)	\$ (197,519)	\$ (19,572)	\$ -0-	\$ (141)	\$ (217,232)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:					
Depreciation	14,551	19,572			34,123
Federal Food Distribution Program	37,875				37,875
Changes in Assets and Liabilities:					
(Increase)/Decrease in Other Receivables	(124)		30,322		30,198
(Increase) in Inventory	(6,649)				(6,649)
Increase/(Decrease) in Accounts Payable	(6,184)		1,272	(520)	(5,432)
(Decrease) in Interfund Payable			(31,594)		(31,594)
Increase in Unearned Revenue	5,068				5,068
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (152,982)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (661)</u>	<u>\$ (153,643)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$37,875 for the fiscal year ended June 30, 2016.

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

Exhibit B-7

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
ASSETS:			
Cash and Cash Equivalents	\$ 1,030,440	\$ 102,713	\$ 263,166
Total Assets	<u>1,030,440</u>	<u>102,713</u>	<u>263,166</u>
LIABILITIES:			
Payroll Deductions and Withholdings	675,540		
Due to Student Groups	354,900		
Total Liabilities	<u>1,030,440</u>	<u>- 0 -</u>	<u>- 0 -</u>
NET POSITION:			
Held in Trust for:			
Unemployment Claims		102,713	
Scholarships			263,166
Total Net Position	<u>\$ - 0 -</u>	<u>\$ 102,713</u>	<u>\$ 263,166</u>

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

Exhibit B-8

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
ADDITIONS:		
Contributions:		
Employee	\$ 119,511	
Donations		\$ 32,965
Total Contributions	<u>119,511</u>	<u>32,965</u>
Investment Earnings:		
Interest	<u>9</u>	<u>262</u>
Net Investment Earnings	<u>9</u>	<u>262</u>
Total Additions	<u>119,520</u>	<u>33,227</u>
DEDUCTIONS:		
Unemployment Claims	137,191	
Scholarships Awarded		31,200
Total Deductions	<u>137,191</u>	<u>31,200</u>
Change in Net Position	(17,671)	2,027
Net Position - Beginning of the Year	<u>120,384</u>	<u>261,139</u>
Net Position - End of the Year	<u>\$ 102,713</u>	<u>\$ 263,166</u>

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary funds:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the fiscal year).

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

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

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

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of NJSDA grants. These grants are recognized on the budgetary basis in full when they are awarded but recognized on the GAAP basis only to the extent of expenditures which have been submitted for reimbursement.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 69,609,691	\$ 951,134
Difference - Budget to GAAP:		
Prior Year State aid payments recognized for GAAP statements, not recognized for budgetary purposes	699,111	
Current Year State aid payments recognized for budgetary purposes, not recognized for GAAP statements	<u>(728,795)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 69,580,007</u>	<u>\$ 951,134</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 66,760,318	\$ 951,134
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 66,760,318	\$ 951,134
	Capital Projects Fund	
	SDA Revenue	Fund Balance
Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis) (Exhibit F-1)	\$ 2,518,981	\$ 7,376,873
Reconciliation to Governmental Funds Statement (GAAP): SDA Grants are recognized as revenue on the budgetary basis when awarded but are recognized when expended and submitted for reimbursement on the GAAP Basis	(2,518,981)	(3,142,848)
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds (GAAP Basis) (Exhibit B-2)	\$ - 0 -	\$ 4,234,025

E. Cash and Cash Equivalents and Investments:

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

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

K. Capital Assets:

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

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

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

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2016.

N. Compensated Absences:

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

N. Compensated Absences: (Cont'd)

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$4,264,480 General Fund balance at June 30, 2016, \$3,265,339 is restricted in the capital reserve account; \$307,329 is restricted in the maintenance reserve account; \$623,000 is assigned and included as anticipated budget revenue for the fiscal year ending June 30, 2017; and \$68,812 is unassigned fund balance which is \$728,795 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which are not recognized until the fiscal year ended June 30, 2017.

Capital Projects Fund: The \$4,234,025 Capital Projects Fund balance at June 30, 2016 is committed, which is \$3,142,848 less on the GAAP basis due to due to NJSDA grants receivable which are not recognized on the GAAP basis of accounting until expended and submitted for reimbursement.

Debt Service Fund: The Debt Service Fund balance at June 30, 2016 of \$1,000 is restricted and included as anticipated budget revenue for the fiscal year ending June 30, 2017.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent fiscal year's budget. The District did not have excess surplus at June 30, 2016.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$728,795 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event one or more state school aid payments are not made until the following school budget year, districts must record those state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the fiscal year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

Q. Fund Balance Restrictions, Commitments and Assignments:

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

Fund balance restrictions have been established in the General Fund for a capital reserve and a maintenance reserve account and in the Debt Service Fund.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has \$4,234,025 of committed resources in the Capital Projects Fund at June 30, 2016.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has \$623,000 of assigned resources for subsequent fiscal year's expenditures in the General Fund at June 30, 2016.

R. Deficit Net Position:

The District has a \$20,708,368 deficit in unrestricted net position and a \$4,244,756 deficit in total net position from governmental activities, primarily due to the accrual of \$3,871,221 in compensated absences payable, \$329,376 in accrued interest payable, \$4,000,262 of unamortized bond premiums, investment gains in pensions of \$344,497, changes in proportion in pensions of \$133,852, and net pension liability of \$21,426,534, offset by changes in pension assumptions of \$2,301,039, changes in proportion in pensions of \$752,806, the difference between expected and actual experience for pensions of \$511,162, District contribution subsequent to the measurement date for pensions of \$906,530 and Governmental Funds unassigned committed and assigned fund balances. The deficit balances do not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

S. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2016 for the deferred amount on refunding of debt related to the District's 2012 refunding bonds and, with regard to pensions, changes in assumptions, changes in proportion, the difference between expected and actual experience, and District contribution subsequent to measurement date.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

S. Net Position: (Cont'd)

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2016, with regard to pensions, for changes in proportion and the net difference between projected and actual investment earnings on plan investments.

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

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

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

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

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

V. Management Estimates:

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

Credit Risk – The Board limits its investments to those authorized in its cash management plan which are those permitted under state statute and are detailed on the following page.

Deposits:

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

Deposits: (Cont'd)

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

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

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

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

Investments:

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

As of June 30, 2016, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents		Total
		Capital Reserve Account	Maintenance Reserve Account	
Checking and Savings Accounts	<u>\$ 5,816,707</u>	<u>\$ 3,265,339</u>	<u>\$ 307,329</u>	<u>\$ 9,389,375</u>

During the period ended June 30, 2016, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2016 was \$9,389,375 and the bank balance was \$10,252,123.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 2,097,818
Interest Earnings	200
Increase by Board Resolution - June 13, 2016	2,800,000
Unexpended Funds Returned	30,334
Budgeted Withdrawals	(184,540)
Withdrawals by Board Resolution	<u>(1,478,473)</u>
Ending Balance, June 30, 2016	<u>\$ 3,265,339</u>

The balance in the capital reserve account at June 30, 2016 does not exceed the balance of local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP"). Withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

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

The activity of the maintenance reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 257,329
Increase by Board Resolution - June 13, 2016	300,000
Budgeted Withdrawals	(110,000)
Withdrawals by Board Resolution	<u>(140,000)</u>
Ending Balance, June 30, 2016	<u><u>\$ 307,329</u></u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2016 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 288,500			\$ 288,500
Construction in Progress	2,962,013	\$ 818,929		3,780,942
Total Capital Assets Not Being Depreciated	3,250,513	818,929		4,069,442
Capital Assets Being Depreciated:				
Buildings and Building Improvements	89,311,128			89,311,128
Land Improvements	3,893,811			3,893,811
Machinery and Equipment	11,012,149	560,980		11,573,129
Total Capital Assets Being Depreciated	104,217,088	560,980		104,778,068
Governmental Activities Capital Assets	107,467,601	1,379,909		108,847,510
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(54,403,327)	(2,079,998)		(56,483,325)
Land Improvements	(2,919,335)	(160,890)		(3,080,225)
Machinery and Equipment	(8,950,476)	(393,710)		(9,344,186)
	<u>(66,273,138)</u>	<u>(2,634,598)</u>		<u>(68,907,736)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 41,194,463	\$ (1,254,689)	\$ -0-	\$ 39,939,774
	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Business Type Activities:				
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 782,890			\$ 782,890
Machinery and Equipment	677,185	\$ 144,292		821,477
Total Capital Assets Being Depreciated	1,460,075	144,292		1,604,367
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(293,584)	(19,572)		(313,156)
Machinery and Equipment	(589,908)	(14,551)		(604,459)
	<u>(883,492)</u>	<u>(34,123)</u>		<u>(917,615)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 576,583	\$ 110,169	\$ -0-	\$ 686,752

The increases totaling \$1,524,201, including \$818,929 towards construction projects in progress, represent current fiscal year capitalized expenditures in the General and Capital Projects Funds and Business-Type Activities. As of June 30, 2016, the District had active construction projects balances totaling \$7,376,873 and had no outstanding construction encumbrances.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged directly to governmental functions as follows:

Regular Instruction	\$ 14,013
Student and Instruction Related Services	27,742
General Administrative Services	84,203
Plant Operations and Maintenance	16,742
Pupil Transportation	139,807
Unallocated (Not Associated with an Identifiable Function or Program)	<u>2,352,091</u>
	<u>\$ 2,634,598</u>

NOTE 7: TRANSFERS TO/FROM CAPITAL OUTLAY

During the fiscal year ended June 30, 2016, the District transferred \$1,509,312 to the capital outlay accounts; \$30,839 for equipment and \$1,478,473 for transfer to the Capital Projects Fund from Capital Reserve which did not require County Superintendent approval.

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2015	Added	Retired	Balance 6/30/2016	Balance Due Within One Year
Serial Bonds Payable	\$ 28,230,000		\$ 1,420,000	\$ 26,810,000	\$ 1,450,000
Compensated Absences Payable	3,961,699	\$ 141,287	231,765	3,871,221	- 0 -
Unamortized Bond Issuance					
Premiums	4,285,995		285,733	4,000,262	285,733
Net Pension Liability	18,028,556	3,397,978		21,426,534	- 0 -
Capital Lease Payable	288,553	2,300,000	288,553	2,300,000	447,382
	<u>\$ 54,794,803</u>	<u>\$ 5,839,265</u>	<u>\$ 2,226,051</u>	<u>\$ 58,408,017</u>	<u>\$ 2,183,115</u>

A. Bonds Payable:

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

On March 28, 2012, the District issued \$28,230,000 of General Obligation Refunding School Bonds with interest rates ranging from 2.00%-5.00% to advance refund \$30,507,000 of the District's 2004 School Bonds with interest rates ranging from 3.50%-4.25% for the construction of renovations to the District's two high schools.

The District had bonds outstanding as of June 30, 2016 as follows:

Purpose	Final Maturity	Interest Rate	Amount
Refunding Bonds	10/01/2029	2.00%-5.00%	<u>\$26,810,000</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

A. Bonds Payable: (Cont'd)

Principal and interest due on the District's serial bonds outstanding is as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,450,000	\$ 1,167,550	\$ 2,617,550
2018	1,500,000	1,123,050	2,623,050
2019	1,555,000	1,061,950	2,616,950
2020	1,610,000	1,006,700	2,616,700
2021	1,670,000	949,150	2,619,150
Thereafter:			
2022-2026	9,530,000	3,573,650	13,103,650
2027-2030	9,495,000	978,625	10,473,625
	<u>\$ 26,810,000</u>	<u>\$ 9,860,675</u>	<u>\$ 36,670,675</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2016, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

In fiscal year 2016, the District entered into a \$2,300,000 capital lease agreement for the local share of the District's four new NJSDA grant projects in the Capital Projects Fund. The lease agreement is for a term of five years. The following is a schedule of the future minimum lease payments under this capital lease and the present value of the net minimum lease payments at June 30, 2016.

<u>Fiscal Year</u>	<u>Amount</u>
2017	\$ 482,863
2018	482,863
2019	482,863
2020	482,863
2021	482,863
	<u>2,414,315</u>
Less: Amount representing interest	<u>(114,315)</u>
Present value of net minimum lease payments	<u>\$ 2,300,000</u>

The current portion of capital leases payable at June 30, 2016 is \$447,382 and the long-term portion is \$1,852,618. Capital leases payable are liquidated by the General Fund (not the Debt Service Fund) as required by the New Jersey Department of Education.

D. Unamortized Bond Issuance Premiums:

The liability for unamortized bond issuance premiums of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of unamortized bond issuance premiums at June 30, 2016 is \$285,733 and the long-term portion is \$3,714,529.

E. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and are liquidated by the General Fund.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

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

E. Compensated Absences: (Cont'd)

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, 2016, no liability existed for compensated absences in the Proprietary Funds.

F. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2016 is \$-0- and the long-term portion is \$21,426,534. See Note 9 for further information on the PERS.

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$820,611 for fiscal year 2016.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the District reported a liability of \$21,426,534 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.0954%, which was a decrease of 0.0008% from its proportion measured as of June 30, 2014.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$1,546,771. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Amortization Period</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions:			
2014	6.44 years	\$ 458,653	
2015	5.72 years	<u>1,842,386</u>	
Subtotal		<u>2,301,039</u>	
Changes in Proportion:			
2014	6.44 years	<u>752,806</u>	
2015	5.72 years		<u>\$ 133,852</u>
Difference Between Expected and Actual Experience - 2015			
	5.72 years	<u>511,162</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2014	5 years		798,751
2015	5 years		<u>(454,254)</u>
Subtotal			<u>344,497</u>
District Contribution Subsequent to the Measurement Date - 2015			
	1 year	<u>906,530</u>	
		<u>\$ 4,471,537</u>	<u>\$ 478,349</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ 449,246
2017	449,246
2018	449,246
2019	715,497
2020	404,469
	<u>\$ 2,467,704</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the Net Pension Liability	\$ 26,630,560	\$ 21,426,534	\$ 17,063,516

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for 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.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2016, the State of New Jersey contributed \$2,112,999 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$9,896,210.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the State's proportionate share of the net pension liability associated with the District was \$162,076,179. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.2564%, which was a decrease of 0.0003% from its proportion measured as of June 30, 2014.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>162,076,179</u>
Total	<u><u>\$ 162,076,179</u></u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

For the fiscal year ended June 30, 2015, the State recognized pension expense on behalf of the District in the amount of \$9,896,210 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

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

	<u>Amortization Period</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions:			
2014	8.5 years	\$ 1,999,074,013	
2015	8.3 years	5,201,079,373	
Difference Between Expected and Actual Experience:			
2014	8.5 years		\$ 19,039,817
2015	8.3 years	321,224,871	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2014	5 years		1,305,927,430
2015	5 years		(770,568,242)
		<u>\$ 7,521,378,257</u>	<u>\$ 554,399,005</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	2,196,835,040
	<u>\$ 6,966,979,252</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the table on the following page.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 192,621,481	\$ 162,076,179	\$ 135,759,574

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$10,200 for the fiscal year ended June 30, 2016. Employee contributions to DCRP amounted to \$17,998 for the fiscal year ended June 30, 2016.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required the TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. 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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributed to P.L. 1992, c.126 which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members for Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$2,515,998, \$2,200,806 and \$1,780,775 for 2016, 2015 and 2014, respectively.

NOTE 11. RISK MANAGEMENT

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

Property and Liability Insurance

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

The June 30, 2016 audit was not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2015 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 294,626,089
Net Position	\$ 57,315,326
Total Revenue	\$ 124,104,560
Total Expenses	\$ 121,185,870
Change in Net Position	\$ 2,918,690
Member Dividends	\$ - 0 -

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

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

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ -0-	\$ 9	\$ 119,511	\$ 137,191	\$ 102,713
2014-2015	-0-	9	91,615	56,386	120,384
2013-2014	-0-	7	89,066	100,018	85,146

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 12. DEFERRED COMPENSATION

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

The plan administrators are as follows:

403b

The Variable Annuity Life Insurance Co. c/o Chase Bank of Texas P.O. Box 201001 Houston, TX 77216-1001	The Equitable Assurance Co. Individual Annuity Center P.O. Box 2996 New York, NY 10116-2996	American Funds c/o Capital Bank & Trust P.O. Box 1570 Norfolk, VA 23501-1570
T-Rowe Price Retirement Operations Group P.O. Box 17479 Baltimore, MD 21298-9014	Lincoln Investment Planning, Inc. P.O. Box 13813 Philadelphia, PA 19101-3813	Vanguard Small Business Services P.O. Box 1106 Valley Forge, PA 19482-1106
Lincoln National Life Insurance Co. 1300 South Clinton Street Fort Wayne, IN 46802	The Legend Group 1200 Route 22 East Bridgewater, NJ 08807	MetLife P.O. Box 120945 Dallas, TX 75312
Mass Mutual Financial Group 1295 State Street Springfield, MA 01111		

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The Equitable Assurance Co. Individual Annuity Center P.O. Box 2996 New York, NY 10116-2996	The Legend Group 1200 Route 22 East Bridgewater, NJ 08807	MetLife P.O. Box 120945 Dallas, TX 75312
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NOTE 13. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following interfund balances remained on the balance sheet at June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 441,021	\$ 177,853
Special Revenue Fund		379,081
Capital Projects Fund	177,853	
Proprietary Funds - Shared Services		61,940
	<u>\$ 618,874</u>	<u>\$ 618,874</u>

The interfund receivable balance in the General Fund represents interfund loans advanced to the Special Revenue Fund while awaiting collection of federal grant reimbursements and to the Proprietary Funds while awaiting the collection of accounts receivable. The interfund receivable balance in the Capital Projects Fund represents an interfund loan advanced to the General Fund while awaiting the collection of the June state aid payments.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 13. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Cont'd)

During the fiscal year, the General Fund transferred \$1,478,473 to the Capital Projects Fund for the local share of capital projects, and the Capital Projects Fund transferred \$994 of interest earnings to the Debt Service Fund.

NOTE 14. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2016:

	Governmental Funds			District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Business- Type Activities
	General Fund	Special Revenue Fund	Capital Projects Fund			Proprietary Funds
Salaries	\$ 76,849	\$ 323			\$ 77,172	
Vendors	565,200	28,635	\$ 125,710		719,545	\$ 15,867
Due to:						
State of New Jersey				\$ 906,530	906,530	
	<u>\$ 642,049</u>	<u>\$ 28,958</u>	<u>\$ 125,710</u>	<u>\$ 906,530</u>	<u>\$ 1,703,247</u>	<u>\$ 15,867</u>

NOTE 15. CONTINGENCIES

Litigation

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

Grant Programs

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

NOTE 16. ECONOMIC DEPENDENCY

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 17. TAX CALENDAR

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

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

**SCHEDULES OF
REQUIRED SUPPLEMENTARY INFORMATION**

L-1

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.0962923203%	0.0954496502%
District's proportionate share of the net pension liability	\$ 18,028,556	\$ 21,426,534
District's covered employee payroll	\$ 6,627,964	\$ 6,819,569
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	272.01%	314.19%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%

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

L-2

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 793,820	\$ 820,611
Contributions in relation to the contractually required contribution	<u>(793,820)</u>	<u>(820,611)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 6,819,569	\$ 6,608,576
Contributions as a percentage of covered employee payroll	11.64%	12.42%

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

L-3

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
State's proportion of the net pension liability attributable to the District	0.2567333136%	0.2564323239%
State's proportionate share of the net pension liability attributable to the District	\$ 137,215,600	\$ 162,076,179
District's covered employee payroll	\$ 26,259,124	\$ 27,301,314
State's proportionate share of the net pension liability attributable to the District as a percentage of District's covered employee payroll	522.54%	593.66%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%

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

L-4

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 7,383,488	\$ 9,896,210
Contributions in relation to the contractually required contribution	<u>(1,386,367)</u>	<u>(2,112,999)</u>
Contribution deficiency/(excess)	<u>\$ 5,997,121</u>	<u>\$ 7,783,211</u>
District's covered employee payroll	\$ 27,301,314	\$ 27,267,601
Contributions as a percentage of covered employee payroll	27.04%	36.29%

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

BUDGETARY COMPARISON SCHEDULES

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 54,322,759		\$ 54,322,759	\$ 54,322,759	
Tuition From Other LEA's Within the State	127,466		127,466	188,030	\$ 60,564
Tuition From Summer School	42,500		42,500	24,200	(18,300)
Interest Earned on Capital Reserve	200		200	200	
Miscellaneous	158,548		158,548	216,875	58,327
Total - Local Sources	54,651,473		54,651,473	54,752,064	100,591
State Sources:					
Special Education Categorical Aid	1,787,677		1,787,677	1,787,677	
Equalization Aid	3,682,325		3,682,325	3,682,325	
School Choice Aid	1,765,632		1,765,632	1,765,632	
Security Aid	49,538		49,538	49,538	
Transportation Aid	278,987		278,987	278,987	
Per Pupil Growth Aid	28,990		28,990	28,990	
PARCC Readiness Aid	28,990		28,990	28,990	
Adult and Post-Graduate Program Aid				43,694	43,694
Extraordinary Special Education Aid	533,518		533,518	599,121	65,603
Nonpublic School Transportation Costs				22,351	22,351
On-Behalf Contributions:					
TPAF Post Retirement Medical Benefits (Non-Budgeted)				2,515,998	2,515,998
TPAF Pension (Non-Budgeted)				2,112,999	2,112,999
TPAF Social Security (Reimbursed - Non-Budgeted)				1,939,852	1,939,852
Total State Sources	8,155,657		8,155,657	14,856,154	6,700,497
Federal Sources:					
Medicaid Reimbursement (SEMI)	35,133		35,133	1,473	(33,660)
Total Federal Sources	35,133		35,133	1,473	(33,660)
TOTAL REVENUES	62,842,263		62,842,263	69,609,691	6,767,428

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 18,232,862	\$ (14,389)	\$ 18,218,473	\$ 18,017,130	\$ 201,343
Regular Programs - Home Instruction:					
Salaries of Teachers	150,000	(65,000)	85,000	78,273	6,727
Purchased Professional - Educational Services	40,000	70,000	110,000	85,177	24,823
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	130,000	20,000	150,000	143,715	6,285
Other Purchased Services (400-500 series)	680,228	(12,320)	667,908	595,105	72,803
General Supplies	1,040,461	65,209	1,105,670	1,049,002	56,668
Textbooks	236,161	(46,447)	189,714	182,401	7,313
Other Objects	21,630	(29)	21,601	16,247	5,354
	<u>20,531,342</u>	<u>17,024</u>	<u>20,548,366</u>	<u>20,167,050</u>	<u>381,316</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	318,127	25,000	343,127	337,821	5,306
Other Salaries for Instruction	28,945	125,426	154,371	149,050	5,321
Other Purchased Services (400-500 series)	300		300		300
General Supplies	2,500	6,874	9,374	8,270	1,104
Textbooks	2,500	843	3,343	3,248	95
	<u>352,372</u>	<u>158,143</u>	<u>510,515</u>	<u>498,389</u>	<u>12,126</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	\$ 174,290	\$ (55,000)	\$ 119,290	\$ 113,528	\$ 5,762
Other Salaries for Instruction	84,310	(10,426)	73,884	55,851	18,033
Other Purchased Services (400-500 series)	1,000		1,000	510	490
General Supplies	3,000	6,646	9,646	8,402	1,244
Textbooks	2,000	(834)	1,166	1,166	
Total Multiple Disabilities	264,600	(59,614)	204,986	179,457	25,529
Resource Room/Resource Center:					
Salaries of Teachers	1,955,324	75,000	2,030,324	1,974,661	55,663
Other Salaries for Instruction	238,598	(115,000)	123,598	81,308	42,290
Other Purchased Services (400-500 series)		30	30	27	3
General Supplies	5,500	(1,600)	3,900	1,325	2,575
Textbooks	1,500	1,400	2,900	2,717	183
Other Objects	500		500		500
Total Resource Room/Resource Center	2,201,422	(40,170)	2,161,252	2,060,038	101,214
Total Special Education Instruction	2,818,394	58,359	2,876,753	2,737,884	138,869
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	626,670	(45,000)	581,670	566,596	15,074
Total Basic Skills/Remedial - Instruction	626,670	(45,000)	581,670	566,596	15,074

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 84,081	\$ (150)	\$ 83,931	\$ 68,901	\$ 15,030
Other Purchased Services (400-500 series)	200	450	650	21	629
General Supplies	200	(90)	110	110	
Textbooks	200	(200)			
Total Bilingual Education - Instruction	84,681	10	84,691	69,032	15,659
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	521,481	(1,000)	520,481	517,833	2,648
Purchased Services (300-500 series)	27,800	658	28,458	24,317	4,141
Supplies and Materials	13,405	646	14,051	11,503	2,548
Other Objects	12,325	1,175	13,500	12,850	650
Total School-Sponsored Cocurricular Activities - Instruction	575,011	1,479	576,490	566,503	9,987
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	1,973,855	(27,600)	1,946,255	1,892,214	54,041
Purchased Services (300-500 series)	190,080	106,613	296,693	274,316	22,377
Supplies and Materials	173,620	3,888	177,508	169,020	8,488
Other Objects	55,945	(1,268)	54,677	50,661	4,016
Total School-Sponsored Cocurricular Athletics - Instruction	2,393,500	81,633	2,475,133	2,386,211	88,922
Total Instruction	27,029,598	113,505	27,143,103	26,493,276	649,827

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	\$ 517,000	\$ (84,527)	\$ 432,473	\$ 410,598	\$ 21,875
Tuition to County Vocational Schools - Regular	1,102,500	40,950	1,143,450	1,122,750	20,700
Tuition to County Vocational Schools - Special	65,000	(36,000)	29,000	27,300	1,700
Tuition to County Special Services Schools and Regional Day Schools		140,364	140,364	140,162	202
Tuition to Private Schools for the Disabled - Within the State	2,989,447	(49,837)	2,939,610	2,654,215	285,395
Tuition to Private Schools for the Disabled and Other LEAs - Special - Outside the State	635,000	(10,950)	624,050	612,086	11,964
Tuition - State Facilities	29,275		29,275	29,275	
Total Undistributed Expenditures - Instruction	5,338,222		5,338,222	4,996,386	341,836
Attendance and Social Work Services:					
Salaries	98,654		98,654	98,176	478
Supplies and Materials	3,941		3,941	2,204	1,737
Total Attendance and Social Work Services	102,595		102,595	100,380	2,215
Health Services:					
Salaries	389,887	3,610	393,497	393,431	66
Purchased Professional and Technical Services	109,400	36,600	146,000	129,126	16,874
Other Purchased Services (400-500 series)	32,000	3,275	35,275	22,890	12,385
Supplies and Materials	5,650	(1,322)	4,328	4,019	309
Total Health Services	536,937	42,163	579,100	549,466	29,634

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	\$ 364,843	\$ (21,500)	\$ 343,343	\$ 343,322	\$ 21
Purchased Professional - Educational Services	409,823	72,736	482,559	430,935	51,624
Total Other Support Services - Speech, OT, PT and Related Services	774,666	51,236	825,902	774,257	51,645
Other Support Services - Students - Extraordinary Services:					
Salaries	375,513	94,305	469,818	469,708	110
Purchased Professional - Educational Services		54,400	54,400	12,659	41,741
Other Purchased Services (400-500 series)		500	500	404	96
Supplies and Materials	44,500	(9,247)	35,253	32,994	2,259
Total Other Support Services - Students - Extraordinary Services	420,013	139,958	559,971	515,765	44,206
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	1,437,717	11,130	1,448,847	1,448,741	106
Salaries of Secretarial and Clerical Assistants	245,126	(85,000)	160,126	159,004	1,122
Other Purchased Services (400-500 series)	57,361	(2,816)	54,545	36,202	18,343
Supplies and Materials	18,600	816	19,416	17,556	1,860
Other Objects	1,235		1,235	445	790
Total Other Support Services - Students - Guidance	1,760,039	(75,870)	1,684,169	1,661,948	22,221
Other Support Services - Child Study Teams:					
Salaries of Other Professional Staff	1,001,223	(47,210)	954,013	944,701	9,312
Salaries of Secretarial and Clerical Assistants	126,872	(1,155)	125,717	120,691	5,026
Purchased Professional - Educational Services	2,000	(2,000)			
Other Purchased Services (400-500 series)	24,000	9,418	33,418	31,448	1,970
Supplies and Materials	9,500	(593)	8,907	7,099	1,808
Other Objects	2,000	(1,100)	900	550	350
Total Other Support Services - Child Study Teams	1,165,595	(42,640)	1,122,955	1,104,489	18,466

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 732,783	\$ (1,250)	\$ 731,533	\$ 731,483	\$ 50
Salaries of Secretarial and Clerical Assistants	297,123		297,123	296,747	376
Other Purchased Services (400-500 series)	28,884	320	29,204	15,296	13,908
Supplies and Materials	1,500	(500)	1,000	77	923
Other Objects	1,050		1,050	89	961
Total Improvement of Instructional Services	1,061,340	(1,430)	1,059,910	1,043,692	16,218
Educational Media Services/School Library:					
Salaries	360,182	(6,300)	353,882	353,813	69
Other Purchased Services (400-500 series)	32,150	(6,965)	25,185	25,175	10
Supplies and Materials	111,251	12,558	123,809	122,627	1,182
Total Educational Media Services/School Library	503,583	(707)	502,876	501,615	1,261
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	162,333	8,745	171,078	171,049	29
Salaries of Other Professional Staff	10,000	10,600	20,600	20,554	46
Salaries of Secretarial and Clerical Assistants	52,434		52,434	52,367	67
Other Salaries	70,000	(28,095)	41,905	17,963	23,942
Other Purchased Services (400-500 series)		1,580	1,580	1,579	1
Supplies and Materials	10,187	(1,400)	8,787	3,703	5,084
Total Instructional Staff Training Services	304,954	(8,570)	296,384	267,215	29,169

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Support Services - General Administration:					
Salaries	\$ 272,456		\$ 272,456	\$ 253,615	\$ 18,841
Legal Services	75,000	\$ 49,458	124,458	100,120	24,338
Audit Fees	77,180	(7,000)	70,180	69,500	680
Architectural/Engineering Services	34,000	(24,000)	10,000	4,965	5,035
Other Purchased Professional Services	4,500	500	5,000	910	4,090
Communications/Telephone	143,579	(5,000)	138,579	99,247	39,332
BOE Other Purchased Services	2,000	150	2,150	2,103	47
Miscellaneous Purchased Services (400-500 series)	352,268	(8,602)	343,666	279,862	63,804
General Supplies	15,005	(1,200)	13,805	8,081	5,724
Miscellaneous Expenditures	4,925	1,200	6,125	5,676	449
BOE Membership Dues and Fees	29,000		29,000	28,021	979
Total Support Services - General Administration	1,009,913	5,506	1,015,419	852,100	163,319
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	1,438,560	67,650	1,506,210	1,345,706	160,504
Salaries of Secretarial and Clerical Assistants	483,948	87,000	570,948	567,822	3,126
Other Purchased Services (400-500 series)	97,530	25,000	122,530	63,668	58,862
Supplies and Materials	23,336	12,135	35,471	32,467	3,004
Other Objects	2,125	(1,000)	1,125	793	332
Total Support Services - School Administration	2,045,499	190,785	2,236,284	2,010,456	225,828

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Central Services:					
Salaries	\$ 703,873	\$ 36,385	\$ 740,258	\$ 691,772	\$ 48,486
Purchased Professional Services	19,900	(10,205)	9,695	1,500	8,195
Miscellaneous Purchased Services (400-500 series)	166,025	44,340	210,365	200,485	9,880
Supplies and Materials	18,800	14,825	33,625	32,762	863
Miscellaneous Expenditures	4,650	5,000	9,650	9,037	613
Total Central Services	<u>913,248</u>	<u>90,345</u>	<u>1,003,593</u>	<u>935,556</u>	<u>68,037</u>
Administration Information Technology:					
Salaries	344,645	40,300	384,945	369,762	15,183
Other Purchased Services (400-500 series)	72,895	10,440	83,335	78,546	4,789
Supplies and Materials	90,075	340	90,415	79,031	11,384
Total Administration Information Technology	<u>507,615</u>	<u>51,080</u>	<u>558,695</u>	<u>527,339</u>	<u>31,356</u>
Required Maintenance for School Facilities:					
Salaries	552,767		552,767	528,898	23,869
Cleaning, Repair and Maintenance Services	114,000	174,000	288,000	280,510	7,490
General Supplies	176,000		176,000	162,507	13,493
Total Required Maintenance for School Facilities	<u>842,767</u>	<u>174,000</u>	<u>1,016,767</u>	<u>971,915</u>	<u>44,852</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Custodial Services:					
Salaries	\$ 1,099,515	\$ (39,205)	\$ 1,060,310	\$ 1,045,075	\$ 15,235
Purchased Professional and Technical Services	66,600	(44,000)	22,600	15,868	6,732
Cleaning, Repair and Maintenance Services	146,000	31,000	177,000	169,134	7,866
Other Purchased Property Services	80,000	10,000	90,000	74,915	15,085
Insurance	254,000	900	254,900	254,900	
Miscellaneous Purchased Services	9,000	8,864	17,864	15,566	2,298
General Supplies	181,000	8,036	189,036	157,877	31,159
Energy (Natural Gas)	133,000	(10,000)	123,000	64,096	58,904
Energy (Electricity)	523,000	76,000	599,000	546,721	52,279
Energy (Oil)	490,000	(76,000)	414,000	188,388	225,612
Other Objects	500		500	80	420
Total Custodial Services	2,982,615	(34,405)	2,948,210	2,532,620	415,590
Care & Upkeep of Grounds:					
Salaries	121,955		121,955	120,613	1,342
Cleaning, Repair and Maintenance Services	42,352		42,352	41,497	855
Total Care & Upkeep of Grounds	164,307		164,307	162,110	2,197
Security:					
Salaries	202,515		202,515	200,583	1,932
Purchased Professional and Technical Services	32,525	10,000	42,525	37,746	4,779
General Supplies	50,200	(10,000)	40,200	30,076	10,124
Total Security	285,240		285,240	268,405	16,835

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Non-Instructional Aides	\$ 120,000	\$ 64,010	\$ 184,010	\$ 184,010	
Between Home and School - Regular	1,648,236	(300,335)	1,347,901	1,270,314	\$ 77,587
Between Home and School - Special Education	89,136	236,000	325,136	323,613	1,523
Other Than Between Home and School	315,799	75	315,874	157,277	158,597
Cleaning, Repair and Maintenance Services	19,200	13,200	32,400	28,074	4,326
Contracted Services:					
Between Home and School - Vendors	131,400	32,000	163,400	162,310	1,090
Other Than Between Home and School - Vendors	285,539	(4,144)	281,395	214,926	66,469
Between Home and School - Joint Agreements	95,000		95,000	78,045	16,955
Special Education Students - Joint Agreements	1,040,000	10,000	1,050,000	893,553	156,447
Aid in Lieu of Payments - Nonpublic Students	123,760		123,760	99,403	24,357
Aid in Lieu of Payments - Choice Students	3,536		3,536	1,768	1,768
Miscellaneous Purchased Services	26,650	5,700	32,350	28,356	3,994
General Supplies	3,500	18,644	22,144	22,064	80
Transportation Supplies	401,800	(76,750)	325,050	223,924	101,126
Other Objects		1,350	1,350	1,041	309
Total Student Transportation Services	4,303,556	(250)	4,303,306	3,688,678	614,628
Allocated Benefits:					
Regular Programs - Instruction:					
Social Security Contributions	72,913	38,210	111,123	110,930	193
Other Retirement Contributions - Regular	18,995		18,995	10,200	8,795
Workmen's Compensation	118,313		118,313	118,313	
Health Benefits	2,927,796	(11,200)	2,916,596	2,866,987	49,609
Tuition Reimbursement	76,000	(12,789)	63,211	61,865	1,346
Other Employee Benefits	102,000	5,935	107,935	97,734	10,201
Unused Sick Payment to Terminated/Retired Staff	90,000	(22,190)	67,810	61,500	6,310
Total Allocated Benefits - Regular Programs - Instruction	3,406,017	(2,034)	3,403,983	3,327,529	76,454

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Special Programs - Instruction:					
Social Security Contributions	\$ 41,280	\$ 5,290	\$ 46,570	\$ 45,316	\$ 1,254
Other Retirement Contributions - PERS	44,967	9,300	54,267	50,274	3,993
Workmen's Compensation	21,068		21,068	21,068	
Health Benefits	762,284	(14,305)	747,979	585,831	162,148
Tuition Reimbursement	6,000	16,389	22,389	21,654	735
Other Employee Benefits	21,000	320	21,320	21,308	12
Total Allocated Benefits - Special Programs - Instruction	896,599	16,994	913,593	745,451	168,142
Other Instructional Programs - Instruction:					
Social Security Contributions	229,456	(87,420)	142,036	141,975	61
Other Retirement Contributions - PERS	26,409		26,409	6,857	19,552
Workmen's Compensation	21,068		21,068	21,068	
Health Benefits	165,452	(24,500)	140,952	97,570	43,382
Other Employee Benefits	15,400	(13,077)	2,323	1,720	603
Total Allocated Benefits - Other Instructional Programs - Instruction	457,785	(124,997)	332,788	269,190	63,598
Attendance and Social Work Services:					
Social Security Contributions	7,547	(193)	7,354	7,148	206
Other Retirement Contributions - PERS	12,564	5,006	17,570	17,565	5
Workmen's Compensation	5,000		5,000		5,000
Health Benefits	48,154	18,700	66,854	41,449	25,405
Total Allocated Benefits - Attendance and Social Work Services	73,265	23,513	96,778	66,162	30,616

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Health Services:					
Social Security Contributions	\$ 2,487	\$ 1,462	\$ 3,949	\$ 3,947	\$ 2
Workmen's Compensation	4,000		4,000		4,000
Health Benefits	48,850	(17,000)	31,850	31,639	211
Tuition Reimbursement		5,639	5,639	5,634	5
Other Employee Benefits	6,000		6,000	6,000	
Total Allocated Benefits - Health Services	61,337	(9,899)	51,438	47,220	4,218
Other Support Services - Speech, OT, PT and Related Services:					
Social Security Contributions	2,000		2,000	1,225	775
Workmen's Compensation	1,000		1,000		1,000
Health Benefits	50,128	(13,600)	36,528	34,063	2,465
Other Employee Benefits	3,000		3,000	3,000	
Unused Sick Payment to Terminated/Retired Staff	15,000	(12,323)	2,677		2,677
Total Allocated Benefits - Other Support Services - Speech, OT, PT and Related Services	71,128	(25,923)	45,205	38,288	6,917
Other Support Services - Students - Extraordinary Services:					
Social Security Contributions	27,130	7,300	34,430	34,406	24
Other Retirement Contributions - PERS	44,710		44,710	44,644	66
Health Benefits	148,818	37,110	185,928	154,274	31,654
Tuition Reimbursement	3,000	(2,052)	948		948
Other Employee Benefits	9,000	8,000	17,000	16,250	750
Total Allocated Benefits - Other Support Services - Students - Extraordinary Services	232,658	50,358	283,016	249,574	33,442

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Allocated Benefits:					
Other Support Services - Students - Guidance:					
Social Security Contributions	\$ 23,752	\$ (6,000)	\$ 17,752	\$ 17,176	\$ 576
Other Retirement Contributions - PERS	25,708	(14,000)	11,708	10,981	727
Workmen's Compensation	6,000		6,000		6,000
Health Benefits	318,997	(71,511)	247,486	239,588	7,898
Tuition Reimbursement	3,000		3,000	735	2,265
Other Employee Benefits	6,000	250	6,250	6,000	250
Unused Sick Payment to Terminated/Retired Staff	15,000	2,000	17,000	17,000	
Total Allocated Benefits - Other Support Services - Students - Guidance	398,457	(89,261)	309,196	291,480	17,716
Other Support Services - Child Study Teams:					
Social Security Contributions	17,793		17,793	12,804	4,989
Other Retirement Contributions - PERS	13,040	6,400	19,440	18,649	791
Workmen's Compensation	10,000	(10,000)			
Health Benefits	217,380	(59,010)	158,370	158,370	
Tuition Reimbursement	6,000	(2,237)	3,763	3,756	7
Other Employee Benefits	3,000	3,000	6,000	5,500	500
Unused Sick Payment to Terminated/Retired Staff	15,000		15,000	15,000	
Total Allocated Benefits - Other Support Services - Child Study Teams	282,213	(61,847)	220,366	214,079	6,287
Improvement of Instruction Services:					
Social Security Contributions	22,730		22,730	22,495	235
Other Retirement Contributions - PERS	38,032	(14,000)	24,032	21,406	2,626
Workmen's Compensation	6,000		6,000		6,000
Health Benefits	178,496	(27,000)	151,496	150,706	790
Tuition Reimbursement	3,000	150	3,150	3,150	
Other Employee Benefits	8,100	860	8,960	8,899	61
Total Allocated Benefits - Improvement of Instruction Services	256,358	(39,990)	216,368	206,656	9,712

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Educational Media Services - School Library:					
Social Security Contributions	\$ 12,346		\$ 12,346	\$ 11,540	\$ 806
Other Retirement Contributions - PERS	24,879	\$ 1,900	26,779	26,694	85
Workmen's Compensation	6,000		6,000		6,000
Health Benefits	87,115	7,200	94,315	88,456	5,859
Total Allocated Benefits - Educational Media Services - School Library	130,340	9,100	139,440	126,690	12,750
Instructional Staff Training Services:					
Social Security Contributions	10,131		10,131	6,777	3,354
Other Retirement Contributions - PERS	6,711		6,711	3,619	3,092
Workmen's Compensation	6,000		6,000		6,000
Health Benefits	48,792	(21,675)	27,117	27,103	14
Other Employee Benefits	900	60	960	960	
Total Allocated Benefits - Instructional Staff Training Services	72,534	(21,615)	50,919	38,459	12,460
Support Services - General Administration:					
Social Security Contributions	6,108	(770)	5,338	4,873	465
Other Retirement Contributions - PERS	10,220	12,000	22,220	19,125	3,095
Workmen's Compensation	6,000		6,000		6,000
Health Benefits	8,844	13,600	22,444	15,615	6,829
Other Employee Benefits	7,000		7,000	7,000	
Total Allocated Benefits - Support Services - General Administration	38,172	24,830	63,002	46,613	16,389

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Support Services - School Administration:					
Social Security Contributions	\$ 41,306	\$ 2,801	\$ 44,107	\$ 44,106	\$ 1
Other Retirement Contributions - PERS	65,822		65,822	56,524	9,298
Workmen's Compensation	22,000		22,000		22,000
Health Benefits	466,860	(155,894)	310,966	288,621	22,345
Tuition Reimbursement	3,000		3,000		3,000
Other Employee Benefits	22,410	27,101	49,511	49,125	386
Total Allocated Benefits - Support Services - School Administration	621,398	(125,992)	495,406	438,376	57,030
Support Services - Central Services:					
Social Security Contributions	34,208		34,208	31,215	2,993
Other Retirement Contributions - PERS	57,661		57,661	37,797	19,864
Workmen's Compensation	6,000		6,000		6,000
Health Benefits	139,567	(1,660)	137,907	117,394	20,513
Other Employee Benefits	11,000	1,476	12,476	12,361	115
Total Allocated Benefits - Support Services - Central Services	248,436	(184)	248,252	198,767	49,485
Support Services - Administrative Information Technology:					
Social Security Contributions	21,612	2,300	23,912	23,887	25
Other Retirement Contributions - PERS	35,159	51,000	86,159	75,854	10,305
Workmen's Compensation	6,000		6,000		6,000
Health Benefits	60,278	(12,075)	48,203	48,170	33
Other Employee Benefits	3,000	12,563	15,563	15,562	1
Total Allocated Benefits - Support Services - Administrative Information Technology	126,049	53,788	179,837	163,473	16,364

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Required Maintenance for School Facilities:					
Social Security Contributions	\$ 159,645	\$ (120,358)	\$ 39,287	\$ 38,588	\$ 699
Other Retirement Contributions - PERS	196,994	(107,977)	89,017	88,822	195
Workmen's Compensation	129,206	(125,152)	4,054		4,054
Health Benefits	657,512	(521,976)	135,536	121,319	14,217
Other Employee Benefits	30,000	(25,000)	5,000	1,785	3,215
Total Allocated Benefits - Required Maintenance for School Facilities	1,173,357	(900,463)	272,894	250,514	22,380
Custodial Services:					
Social Security Contributions		80,728	80,728	80,256	472
Other Retirement Contributions - PERS		98,726	98,726	81,188	17,538
Workmen's Compensation		125,152	125,152	105,690	19,462
Health Benefits		314,484	314,484	300,696	13,788
Other Employee Benefits		16,985	16,985	7,212	9,773
Total Allocated Benefits - Custodial Services		636,075	636,075	575,042	61,033
Care and Upkeep of Grounds:					
Social Security Contributions		10,650	10,650	10,584	66
Other Retirement Contributions - PERS		10,152	10,152	6,099	4,053
Health Benefits		34,293	34,293	30,578	3,715
Other Employee Benefits		2,500	2,500	1,665	835
Total Allocated Benefits - Care and Upkeep of Grounds		57,595	57,595	48,926	8,669

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Allocated Benefits:					
Security:					
Social Security Contributions		\$ 15,290	\$ 15,290	\$ 13,720	\$ 1,570
Other Retirement Contributions - PERS		30,199	30,199	16,740	13,459
Health Benefits		131,399	131,399	129,550	1,849
Other Employee Benefits		1,750	1,750		1,750
Total Allocated Benefits - Security		178,638	178,638	160,010	18,628
Student Transportation Services:					
Social Security Contributions	\$ 161,694	(10,300)	151,394	150,171	1,223
Other Retirement Contributions - PERS	252,841	(88,456)	164,385	160,948	3,437
Workmen's Compensation	35,081		35,081	35,081	
Health Benefits	859,743	(120,165)	739,578	708,630	30,948
Other Employee Benefits	19,000	(310)	18,690	16,638	2,052
Total Allocated Benefits - Student Transportation Services	1,328,359	(219,231)	1,109,128	1,071,468	37,660
Total Allocated Benefits	9,874,462	(570,545)	9,303,917	8,573,967	729,950
Unallocated Benefits:					
Unused Sick Payment to Terminated/Retired Staff	15,000	(15,000)			
Total Unallocated Benefits	15,000	(15,000)			
On-Behalf Contributions:					
TPAF Post Retirement Medical Benefits (Non-budgeted)				2,515,998	(2,515,998)
TPAF Pension (Non-budgeted)				2,112,999	(2,112,999)
Reimbursed TPAF Social Security Contributions (Non-budgeted)				1,939,852	(1,939,852)
Total On-Behalf Contributions				6,568,849	(6,568,849)
Total Personal Services - Employee Benefits	9,889,462	(585,545)	9,303,917	15,142,816	(5,838,899)
Total Undistributed Expenses	34,912,166	(4,344)	34,907,822	38,607,208	(3,699,386)
TOTAL GENERAL CURRENT EXPENSE	61,941,764	109,161	62,050,925	65,100,484	(3,049,559)

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12	\$ 112,850	\$ 30,096	\$ 142,946	\$ 122,369	\$ 20,577
Special Education - Instruction:					
Multiple Disabilities	2,000	9,470	11,470	11,470	
Undistributed Expenditures:					
Support Services:					
Instructional Staff	12,804	(6,279)	6,525	6,525	
General Administration		2,652	2,652	2,652	
School Administration	6,000	(6,000)			
Central Services	8,000	(4,000)	4,000	4,000	
Administrative Information Technology	65,000	22,000	87,000	87,000	
Custodial Services	90,000		90,000	85,474	4,526
Student Transportation Services - Non-Instructional Equipment	48,498	(1,100)	47,398	8,833	38,565
Student Transportation Services - School Buses - Regular	249,000	(16,000)	233,000	232,657	343
Total Equipment	<u>594,152</u>	<u>30,839</u>	<u>624,991</u>	<u>560,980</u>	<u>64,011</u>
Facilities Acquisition and Construction Services:					
Construction Services	184,540		184,540	154,206	30,334
Lease Purchase Agreements - Principal	298,105		298,105	298,104	1
Other Objects - Debt Service Assessment	183,311		183,311	183,311	
Total Facilities Acquisition and Construction Services	<u>665,956</u>		<u>665,956</u>	<u>635,621</u>	<u>30,335</u>
TOTAL CAPITAL OUTLAY	<u>1,260,108</u>	<u>30,839</u>	<u>1,290,947</u>	<u>1,196,601</u>	<u>94,346</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
SPECIAL SCHOOLS:					
Summer School - Instruction:					
Salaries of Teachers	\$ 39,600	\$ (275)	\$ 39,325	\$ 18,200	\$ 21,125
Other Purchased Services (400-500 series)		275	275	275	
Total Summer School - Instruction	<u>39,600</u>		<u>39,600</u>	<u>18,475</u>	<u>21,125</u>
Summer School - Support Services:					
Personal Services - Employee Benefits	2,900		2,900	1,392	1,508
Total Summer School - Support Services	<u>2,900</u>		<u>2,900</u>	<u>1,392</u>	<u>1,508</u>
Total Summer School	<u>42,500</u>		<u>42,500</u>	<u>19,867</u>	<u>22,633</u>
Accredited Evening/Adult High School - Post-Graduate - Instruction:					
Salaries of Teachers	268,053		268,053	259,752	8,301
General Supplies	5,900		5,900	1,745	4,155
Textbooks	500		500		500
Other Objects	500		500	440	60
Total Accredited Evening/Adult High School - Post-Graduate - Instruction	<u>274,953</u>		<u>274,953</u>	<u>261,937</u>	<u>13,016</u>
Accredited Evening/Adult High School - Post-Graduate - Support Services:					
Salaries	49,936		49,936	49,936	
Personal Services - Employee Benefits	94,805		94,805	43,093	51,712
Other Purchased Services (400-500 series)	9,450		9,450	4,950	4,500
Supplies and Materials	1,000		1,000	241	759
Total Accredited Evening/Adult High School - Post-Graduate - Support Services	<u>155,191</u>		<u>155,191</u>	<u>98,220</u>	<u>56,971</u>
Total Accredited Evening/Adult High School - Post-Graduate	<u>430,144</u>		<u>430,144</u>	<u>360,157</u>	<u>69,987</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
SPECIAL SCHOOLS:					
Vocational Evening - Local - Support Services:					
Salaries	\$ 56,237	\$ (8,613)	\$ 47,624	\$ 47,580	\$ 44
Personal Services - Employee Benefits	14,500	19,813	34,313	33,244	1,069
Other Purchased Services (400-500 series)	11,000	(8,900)	2,100	1,637	463
Supplies and Materials	3,350	(2,300)	1,050	748	302
Total Vocational Evening - Local - Support Services	<u>85,087</u>		<u>85,087</u>	<u>83,209</u>	<u>1,878</u>
Total Vocational Evening - Local	<u>85,087</u>		<u>85,087</u>	<u>83,209</u>	<u>1,878</u>
TOTAL SPECIAL SCHOOLS	<u>557,731</u>		<u>557,731</u>	<u>463,233</u>	<u>94,498</u>
TOTAL EXPENDITURES	<u>63,759,603</u>	<u>140,000</u>	<u>63,899,603</u>	<u>66,760,318</u>	<u>(2,860,715)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(917,340)</u>	<u>(140,000)</u>	<u>(1,057,340)</u>	<u>2,849,373</u>	<u>3,906,713</u>
OTHER FINANCING USES:					
Transfers Out:					
Capital Projects Fund - Capital Reserve		(1,478,473)	(1,478,473)	(1,478,473)	
Total Other Financing Uses		<u>(1,478,473)</u>	<u>(1,478,473)</u>	<u>(1,478,473)</u>	

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Uses	\$ (917,340)	\$ (1,618,473)	\$ (2,535,813)	\$ 1,370,900	\$ 3,906,713
Fund Balance, July 1	3,622,375		3,622,375	3,622,375	
Fund Balance, June 30	<u>\$ 2,705,035</u>	<u>\$ (1,618,473)</u>	<u>\$ 1,086,562</u>	<u>\$ 4,993,275</u>	<u>\$ 3,906,713</u>

Recapitulation of Fund Balance at June 30, 2016:

Restricted:

Capital Reserve	\$ 3,265,339
Maintenance Reserve	307,329
Assigned - Designated for Subsequent Year's Expenditures	623,000
Unassigned	<u>797,607</u>
Total Fund Balance - Budgetary Basis	4,993,275
Reconciliation to Governmental Fund Statements (GAAP):	
June State Aid Payments not recognized on GAAP Basis	<u>(728,795)</u>
Fund Balance per Governmental Fund on (Exhibit B-2)	<u>\$ 4,264,480</u>

Exhibit C-2

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 18,837	\$ 18,837	\$ 3,335	\$ (15,502)
State Sources	\$ 171,685	37,173	208,858	208,592	(266)
Federal Sources	623,445	186,752	810,197	739,207	(70,990)
Total Revenues	795,130	242,762	1,037,892	951,134	(86,758)
EXPENDITURES:					
Instruction:					
Personal Services - Salaries	59,396	(8,677)	50,719	50,719	
Purchased Professional - Educational Services	100,757	106,138	206,895	161,957	44,938
Other Purchased Services	475,927	121,169	597,096	596,435	661
General Supplies	30,364	(44)	30,320	23,655	6,665
Textbooks	19,295	2,003	21,298	21,298	
Total Instruction	685,739	220,589	906,328	854,064	52,264
Support Services:					
Personal Services - Salaries	24,637	9,363	34,000	29,000	5,000
Personal Services - Employee Benefits	7,697	(2,133)	5,564	5,564	
Purchased Professional - Educational Services	74,829	(23,824)	51,005	21,511	29,494
Other Purchased Services	1,568	29,184	30,752	30,752	
Supplies and Materials	660	9,583	10,243	10,243	
Total Support Services	109,391	22,173	131,564	97,070	34,494
Total Expenditures	795,130	242,762	1,037,892	951,134	86,758
Excess of Revenues Over Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

Exhibit C-3
1 of 2

MORRIS HILLS REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 69,609,691	\$ 951,134
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	699,111	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(728,795)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 69,580,007	\$ 951,134
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 66,760,318	\$ 951,134
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 66,760,318	\$ 951,134

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

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

Exhibit C-3
2 of 2

MORRIS HILLS REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

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

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

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	No Child Left Behind Consolidated					Local Grants
	Title I	Title II, Part A	Title III	Title III Immigrant	IDEA Basic	
REVENUE:						
Local Sources						\$ 3,335
State Sources						
Federal Sources	\$ 78,531	\$ 31,511	\$ 11,219	\$ 1,051	\$ 616,895	
Total Revenue	<u>78,531</u>	<u>31,511</u>	<u>11,219</u>	<u>1,051</u>	<u>616,895</u>	<u>3,335</u>
EXPENDITURES:						
Instruction:						
Personal Services - Salaries	44,472		558			
Purchased Professional - Educational Services					596,435	
Other Purchased Services						3,335
General Supplies			10,622			
Textbooks						
Total Instruction	<u>44,472</u>		<u>11,180</u>		<u>596,435</u>	<u>3,335</u>
Support Services:						
Personal Services - Salaries		29,000				
Personal Services - Employee Benefits	3,307	2,218	39			
Purchased Professional - Educational Services				1,051	20,460	
Other Purchased Services	30,752					
Supplies and Materials		293				
Total Support Services	<u>34,059</u>	<u>31,511</u>	<u>39</u>	<u>1,051</u>	<u>20,460</u>	
Total Expenditures	<u>\$ 78,531</u>	<u>\$ 31,511</u>	<u>\$ 11,219</u>	<u>\$ 1,051</u>	<u>\$ 616,895</u>	<u>\$ 3,335</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	NJ Nonpublic				
	Auxiliary Services (Chapter 192)			Handicapped Services (Chapter 193)	
	Security Aid	Home Instruction	Compensatory Education	Examination & Classification	Supplementary Instruction
REVENUE:					
Local Sources					
State Sources	\$ 9,950	\$ 5,689	\$ 49,069	\$ 40,310	\$ 36,758
Federal Sources					
Total Revenue	9,950	5,689	49,069	40,310	36,758
EXPENDITURES:					
Instruction:					
Personal Services - Salaries		5,689			
Purchased Professional - Educational Services			49,069	40,310	36,758
Other Purchased Services					
General Supplies					
Textbooks					
Total Instruction		5,689	49,069	40,310	36,758
Support Services:					
Personal Services - Salaries					
Personal Services - Employee Benefits					
Purchased Professional - Educational Services					
Other Purchased Services					
Supplies and Materials	9,950				
Total Support Services	9,950				
Total Expenditures	\$ 9,950	\$ 5,689	\$ 49,069	\$ 40,310	\$ 36,758

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	NJ Nonpublic			Totals
	Technology	Textbooks	Nursing	June 30, 2016
REVENUE:				
Local Sources				\$ 3,335
State Sources	\$ 9,698	\$ 21,298	\$ 35,820	208,592
Federal Sources				739,207
Total Revenue	<u>9,698</u>	<u>21,298</u>	<u>35,820</u>	<u>951,134</u>
EXPENDITURES:				
Instruction:				
Personal Services - Salaries				50,719
Purchased Professional - Educational Services			35,820	161,957
Other Purchased Services				596,435
General Supplies	9,698			23,655
Textbooks		21,298		21,298
Total Instruction	<u>9,698</u>	<u>21,298</u>	<u>35,820</u>	<u>854,064</u>
Support Services:				
Personal Services - Salaries				29,000
Personal Services - Employee Benefits				5,564
Purchased Professional - Educational Services				21,511
Other Purchased Services				30,752
Supplies and Materials				10,243
Total Support Services				<u>97,070</u>
Total Expenditures	<u>\$ 9,698</u>	<u>\$ 21,298</u>	<u>\$ 35,820</u>	<u>\$ 951,134</u>

CAPITAL PROJECTS FUND

Exhibit F-1

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Revenue and Other Financing Sources:	
State Sources - SDA Grant	\$ 2,518,981
Capital Lease Proceeds	2,300,000
Transfer from Capital Reserve	1,478,473
Interest Revenue	994
	<hr/>
Total Revenue and Other Financing Sources	6,298,448
	<hr/>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	238,192
Construction Services	580,737
Transfers Out:	
Debt Service Fund - Interest Earned	994
	<hr/>
Total Expenditures and Other Financing Uses	819,923
	<hr/>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	5,478,525
	<hr/>
Fund Balance - Beginning	1,898,348
	<hr/>
Fund Balance - Ending	\$ 7,376,873
	<hr/> <hr/>
<u>Reconciliation of Revenue from Budgetary Basis to GAAP Basis:</u>	
State SDA Grant Revenue Realized (Budgetary Basis)	\$ 2,518,981
SDA Grants are Recognized as Revenue on the Budgetary Basis when Awarded but are not Recognized on the GAAP Basis until Expended	(2,518,981)
	<hr/>
State SDA Grant Revenue Realized (GAAP Basis)	\$ -0-
	<hr/> <hr/>
<u>Recapitulation of Fund Balance at June 30, 2015:</u>	
Committed Fund Balance (Budgetary Basis)	\$ 7,376,873
	<hr/>
Reconciliation to Governmental Funds Statement (GAAP):	
SDA Grant Revenue not Recognized on the GAAP Basis	(3,142,848)
	<hr/>
Fund Balance per Governmental Funds (GAAP Basis)	\$ 4,234,025
	<hr/> <hr/>

Exhibit F-1a

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS KNOLLS HIGH SCHOOL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 754,418		\$ 754,418	\$ 754,418
Capital Lease Proceeds	1,355,400		1,355,400	1,355,400
Transfer from Capital Reserve	29,919		29,919	29,919
Total Revenue and Other Financing Sources	2,139,737	\$ - 0 -	2,139,737	2,139,737
Expenditures:				
Purchased Professional and Technical Services	92,998		92,998	92,998
Construction Services	2,022,716		2,022,716	2,046,739
Total Expenditures	2,115,714	-0-	2,115,714	2,139,737
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 24,023	\$ -0-	\$ 24,023	\$ -0-

Additional Project Information:

Project Number(s)	SP-3370-060-09-1001; SP-3370-060-12-4000
Grant Date	February 26, 2009
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 2,759,000
Change Orders	\$ 501,393
Unexpended Balances:	
SDA Grant Canceled	\$ (149,182)
Returned to Capital Outlay	\$ (501,393)
Returned to Capital Reserve	\$ (470,081)
Revised Authorized Cost	\$ 2,139,737
Change Order Percentage	18.17%
Percentage Completion	100.00%
Original Target Completion Date	November 30, 2010
Revised Target Completion Date	June 30, 2013

Exhibit F-1b

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS KNOLLS HIGH SCHOOL MULTIPURPOSE FIELD
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 85,668		\$ 85,668	\$ 85,668
Total Revenue and Other Financing Sources	<u>85,668</u>	<u>\$ -0-</u>	<u>85,668</u>	<u>85,668</u>
Expenditures:				
Purchased Professional and Technical Services	<u>57,852</u>		<u>57,852</u>	<u>85,668</u>
Total Expenditures	<u>57,852</u>	<u>-0-</u>	<u>57,852</u>	<u>85,668</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 27,816</u>	<u>\$ -0-</u>	<u>\$ 27,816</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number	SP-3370-060-12-5000			
Grant Date	Not Applicable			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 395,000			
Change Orders	\$ -0-			
Unexpended Balance - Returned to Capital Reserve	\$ (309,332)			
Revised Authorized Cost	\$ 85,668			
Change Order Percentage	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	December 31, 2013			
Revised Target Completion Date	June 30, 2015			

Exhibit F-1c

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS AND MORRIS KNOLLS HIGH SCHOOLS ATHLETIC FIELD REFURBISHMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 3,162,700		\$ 3,162,700	\$ 3,162,700
Total Revenue and Other Financing Sources	<u>3,162,700</u>	<u>\$ - 0 -</u>	<u>3,162,700</u>	<u>3,162,700</u>
Expenditures:				
Purchased Professional and Technical Services	151,409	1,985	153,394	153,394
Construction Services	2,703,457	254,460	2,957,917	3,009,306
Total Expenditures	<u>2,854,866</u>	<u>256,445</u>	<u>3,111,311</u>	<u>3,162,700</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 307,834</u>	<u>\$ (256,445)</u>	<u>\$ 51,389</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	SP-3370-060-12-5000
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 2,962,700
Additional Authorization	\$ 200,000
Change Orders	\$ -0-
Revised Authorized Cost	\$ 3,162,700
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	December 31, 2013
Revised Target Completion Date	December 2016

Exhibit F-1d

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS HIGH SCHOOL ELECTRICAL SERVICE REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 134,640		\$ 134,640	\$ 134,640
Transfer from Capital Reserve	201,960		201,960	201,960
Total Revenue and Other Financing Sources	336,600	\$ - 0 -	336,600	336,600
Expenditures:				
Purchased Professional and Technical Services	3,450	19,770	23,220	31,600
Construction Services		8,550	8,550	305,000
Total Expenditures	3,450	28,320	31,770	336,600
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 333,150</u>	<u>\$ (28,320)</u>	<u>\$ 304,830</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	SP-3370-050-14-1001
Grant Date	July 30, 2014
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 336,600
Change Orders	\$ -0-
Revised Authorized Cost	\$ 336,600
Change Order Percentage	0.00%
Percentage Completion	9.44%
Original Target Completion Date	June 2016
Revised Target Completion Date	December 2016

Exhibit F-1e

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS KNOLLS HIGH SCHOOL ELECTRICAL SERVICE REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 134,640		\$ 134,640	\$ 134,640
Transfer from Capital Reserve	201,960		201,960	201,960
Total Revenue and Other Financing Sources	<u>336,600</u>	<u>\$ - 0 -</u>	<u>336,600</u>	<u>336,600</u>
Expenditures:				
Purchased Professional and Technical Services	3,450	20,878	24,328	31,600
Construction Services		142,215	142,215	305,000
Total Expenditures	<u>3,450</u>	<u>163,093</u>	<u>166,543</u>	<u>336,600</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 333,150</u>	<u>\$ (163,093)</u>	<u>\$ 170,057</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	SP-3370-060-14-1007
Grant Date	July 30, 2014
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 336,600
Change Orders	\$ -0-
Revised Authorized Cost	\$ 336,600
Change Order Percentage	0.00%
Percentage Completion	49.48%
Original Target Completion Date	June 2016
Revised Target Completion Date	December 2016

Exhibit F-1f

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS HIGH SCHOOL WINDOW REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 113,208		\$ 113,208	\$ 113,208
Transfer from Capital Reserve	169,812		169,812	169,812
Total Revenue and Other Financing Sources	<u>283,020</u>	<u>\$ - 0 -</u>	<u>283,020</u>	<u>283,020</u>
Expenditures:				
Purchased Professional and Technical Services	18,945	2,911	21,856	30,020
Construction Services		175,512	175,512	253,000
Total Expenditures	<u>18,945</u>	<u>178,423</u>	<u>197,368</u>	<u>283,020</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 264,075</u>	<u>\$ (178,423)</u>	<u>\$ 85,652</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	SP-3370-050-14-1003
Grant Date	July 30, 2014
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 283,020
Change Orders	\$ -0-
Revised Authorized Cost	\$ 283,020
Change Order Percentage	0.00%
Percentage Completion	69.74%
Original Target Completion Date	June 2016
Revised Target Completion Date	December 2016

Exhibit F-1g

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS HIGH SCHOOL PIPING REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 252,700		\$ 252,700	\$ 252,700
Transfer from Capital Reserve	379,050		379,050	379,050
Total Revenue and Other Financing Sources	631,750	\$ - 0 -	631,750	631,750
Expenditures:				
Purchased Professional and Technical Services	23,450	4,710	28,160	70,750
Construction Services				561,000
Total Expenditures	23,450	4,710	28,160	631,750
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 608,300</u>	<u>\$ (4,710)</u>	<u>\$ 603,590</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	SP-3370-050-14-1004
Grant Date	July 30, 2014
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 631,750
Change Orders	\$ -0-
Revised Authorized Cost	\$ 631,750
Change Order Percentage	0.00%
Percentage Completion	4.46%
Original Target Completion Date	June 2016
Revised Target Completion Date	June 2017

Exhibit F-1h

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS HIGH SCHOOL HVAC
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 405,805	\$ 405,805	\$ 405,805
Capital Lease Proceeds		608,708	608,708	608,708
Total Revenue and Other Financing Sources	\$ - 0 -	1,014,513	1,014,513	1,014,513
Expenditures:				
Purchased Professional and Technical Services		19,600	19,600	80,916
Construction Services				933,597
Total Expenditures	-0-	19,600	19,600	1,014,513
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 994,913	\$ 994,913	\$ -0-

Additional Project Information:

Project Number	SP-3370-050-14-1002
Grant Date	December 18, 2015
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 1,014,513
Change Orders	\$ -0-
Revised Authorized Cost	\$ 1,014,513
Change Order Percentage	0.00%
Percentage Completion	1.93%
Original Target Completion Date	June 2017
Revised Target Completion Date	June 2017

Exhibit F-1i

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS HIGH SCHOOL PARTIAL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 618,239	\$ 618,239	\$ 618,239
Capital Lease Proceeds		927,358	927,358	927,358
Total Revenue and Other Financing Sources	\$ - 0 -	1,545,597	1,545,597	1,545,597
Expenditures:				
Purchased Professional and Technical Services		78,844	78,844	139,456
Construction Services				1,406,141
Total Expenditures	-0-	78,844	78,844	1,545,597
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 1,466,753	\$ 1,466,753	\$ -0-

Additional Project Information:

Project Number	SP-3370-060-14-1005
Grant Date	December 18, 2015
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 1,545,597
Change Orders	\$ -0-
Revised Authorized Cost	\$ 1,545,597
Change Order Percentage	0.00%
Percentage Completion	5.10%
Original Target Completion Date	June 2017
Revised Target Completion Date	June 2017

Exhibit F-1j

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS KNOLLS HIGH SCHOOL PARTIAL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 438,722	\$ 438,722	\$ 438,722
Capital Lease Proceeds		658,084	658,084	658,084
Total Revenue and Other Financing Sources	\$ - 0 -	1,096,806	1,096,806	1,096,806
Expenditures:				
Purchased Professional and Technical Services		65,594	65,594	102,331
Construction Services				994,475
Total Expenditures	-0-	65,594	65,594	1,096,806
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 1,031,212	\$ 1,031,212	\$ -0-

Additional Project Information:

Project Number	SP-3370-060-14-1006
Grant Date	December 18, 2015
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 1,096,806
Change Orders	\$ -0-
Revised Authorized Cost	\$ 1,096,806
Change Order Percentage	0.00%
Percentage Completion	5.98%
Original Target Completion Date	June 2017
Revised Target Completion Date	June 2017

Exhibit F-1k

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS KNOLLS HIGH SCHOOL PARTIAL WINDOW REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 1,056,215	\$ 1,056,215	\$ 1,056,215
Capital Lease Proceeds		105,850	105,850	105,850
Transfer from Capital Reserve		1,478,473	1,478,473	1,478,473
Total Revenue and Other Financing Sources	\$ - 0 -	2,640,538	2,640,538	2,640,538
Expenditures:				
Purchased Professional and Technical Services		23,900	23,900	276,612
Construction Services				2,363,926
Total Expenditures	-0-	23,900	23,900	2,640,538
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 2,616,638	\$ 2,616,638	\$ -0-

Additional Project Information:

Project Number(s)	SP-3370-060-14-1008
Grant Date	December 18,2015
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 2,640,538
Change Orders	\$ -0-
Revised Authorized Cost	\$ 2,640,538
Change Order Percentage	0.00%
Percentage Completion	0.91%
Original Target Completion Date	June 2017
Revised Target Completion Date	June 2017

PROPRIETARY FUNDS

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds
	Major Funds			Non-Major Fund	
	Food Service	Academy for Technology	Shared Services	Adult Continuing Education	
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 214,790	\$ 6,619		\$ 16,097	\$ 237,506
Receivable from:					
Federal Government	41,913				41,913
State Government	1,313				1,313
Receivables - Other	124		\$ 67,481		67,605
Inventories	14,938				14,938
Total Current Assets	273,078	6,619	67,481	16,097	363,275
Non-Current Assets:					
Capital Assets	602,254	1,002,113			1,604,367
Less: Accumulated Depreciation	(385,236)	(532,379)			(917,615)
Total Non-Current Assets	217,018	469,734			686,752
Total Assets	490,096	476,353	67,481	16,097	1,050,027
LIABILITIES:					
Current Liabilities:					
Interfund Payable - General Fund			61,940		61,940
Accounts Payable	10,326		5,541		15,867
Unearned Revenue - Prepaid Sales	18,918				18,918
Total Current Liabilities	29,244		67,481		96,725
Total Liabilities	29,244		67,481		96,725
NET POSITION:					
Investment in Capital Assets	217,018	469,734			686,752
Unrestricted	243,834	6,619		16,097	266,550
Total Net Position	\$ 460,852	\$ 476,353	\$ -0-	\$ 16,097	\$ 953,302

Exhibit G-2

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds
	Major Funds			Non-Major Fund	
	Food Service	Academy for Technology	Shared Services	Adult Continuing Education	
Operating Revenue:					
Charges for Services:					
Daily Sales:					
Reimbursable Programs	\$ 403,214				\$ 403,214
Non-Reimbursable Programs	582,506				582,506
Total Daily Sales	985,720				985,720
Special Events	37,430				37,430
Tuition		\$ 1,117,800		\$ 83,577	1,201,377
Service Fees			\$ 1,249,402		1,249,402
Total Operating Revenue	1,023,150	1,117,800	1,249,402	83,577	3,473,929
Operating Expenses:					
Cost of Sales:					
Reimbursable	293,832				293,832
Non-Reimbursable	277,400				277,400
Total Cost of Sales	571,232				571,232
Salaries	345,528	875,589	821,753	7,085	2,049,955
Payroll Taxes	54,605	29,500	27,194	536	111,835
Employee Benefits	26,983	212,711	166,663		406,357
Purchased Professional - Educational Services			110,210		110,210
Purchased Property Services	150,748			71,960	222,708
Supplies and Materials	57,022		123,582		180,604
Other Objects				4,137	4,137
Depreciation Expense	14,551	19,572			34,123
Total Operating Expenses	1,220,669	1,137,372	1,249,402	83,718	3,691,161
Operating Income/(Loss)	(197,519)	(19,572)	-0-	(141)	(217,232)
Non-Operating Revenue:					
Federal Sources:					
School Breakfast Program	45,488				45,488
National School Lunch Program	196,377				196,377
Food Distribution Program	37,875				37,875
State Sources:					
School Lunch Program	7,831				7,831
Total Non-Operating Revenue	287,571				287,571
Change in Net Position	90,052	(19,572)	-0-	(141)	70,339
Net Position - Beginning of Year	370,800	495,925	-0-	16,238	882,963
Net Position - End of Year	\$ 460,852	\$ 476,353	\$ -0-	\$ 16,097	\$ 953,302

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Total Enterprise Funds</u>
	<u>Major Funds</u>			<u>Non-Major Fund</u>	
	<u>Food Service</u>	<u>Academy for Technology</u>	<u>Shared Services</u>	<u>Adult Continuing Education</u>	
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 1,028,094	\$ 1,117,800	\$ 1,279,724	\$ 83,577	\$ 3,509,195
Payments to Employees		(905,089)	(848,947)	(7,621)	(1,761,657)
Payments to Food Service Vendor	(1,146,436)				(1,146,436)
Payments to Suppliers	(34,640)	(212,711)	(430,777)	(76,617)	(754,745)
Net Cash Provided by/(Used for) Operating Activities	(152,982)	-0-	-0-	(661)	(153,643)
Cash Flows from Noncapital and Related Financing Activities:					
Federal Subsidy Reimbursements	213,629				213,629
State Subsidy Reimbursements	7,154				7,154
Net Cash Provided by Noncapital and Related Financing Activities	220,783				220,783
Cash Flows from Capital and Related Financing Activities:					
Purchase of Capital Assets	(144,292)				(144,292)
Net Cash Used for Capital and Related Financing Activities	(144,292)	-0-	-0-	-0-	(144,292)
Net Increase/(Decrease) in Cash and Cash Equivalents	(76,491)	-0-	-0-	(661)	(77,152)
Cash and Cash Equivalents, July 1	291,281	6,619	-0-	16,758	314,658
Cash and Cash Equivalents, June 30	<u>\$ 214,790</u>	<u>\$ 6,619</u>	<u>\$ -0-</u>	<u>\$ 16,097</u>	<u>\$ 237,506</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>				
	<u>Major Funds</u>			<u>Non-Major</u>	<u>Total</u>
	<u>Food</u>	<u>Academy</u>	<u>Shared</u>	<u>Fund</u>	
	<u>Service</u>	<u>for</u>	<u>Services</u>	<u>Adult</u>	<u>Enterprise</u>
	<u> </u>	<u>Technology</u>	<u> </u>	<u>Continuing</u>	<u>Funds</u>
	<u> </u>	<u> </u>	<u> </u>	<u>Education</u>	<u> </u>
Reconciliation of Operating Income/(Loss) to Net					
Cash Provided by/(Used for) Operating Activities:					
Operating Income/(Loss)	\$ (197,519)	\$ (19,572)	\$ -0-	\$ (141)	\$ (217,232)
Adjustment to Reconcile Operating Income/(Loss) to					
Net Cash Provided by/(Used for) Operating Activities:					
Depreciation	14,551	19,572			34,123
Federal Food Distribution Program	37,875				37,875
Changes in Assets and Liabilities:					
(Increase)/Decrease in Other Receivables	(124)		30,322		30,198
(Increase) in Inventory	(6,649)				(6,649)
Increase/(Decrease) in Accounts Payable	(6,184)		1,272	(520)	(5,432)
(Decrease) in Interfund Payable			(31,594)		(31,594)
Increase in Unearned Revenue	5,068				5,068
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (152,982)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (661)</u>	<u>\$ (153,643)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$37,875 for the fiscal year ended June 30, 2016.

FIDUCIARY FUNDS

Exhibit H-1

MORRIS HILLS REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Agency</u>			<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>		
ASSETS:					
Cash and Cash Equivalents	\$ 354,900	\$ 675,540	\$ 1,030,440	\$ 102,713	\$ 263,166
Total Assets	<u>354,900</u>	<u>675,540</u>	<u>1,030,440</u>	<u>102,713</u>	<u>263,166</u>
LIABILITIES:					
Payroll Deductions and Withholdings		675,540	675,540		
Due to Student Groups	354,900		354,900		
Total Liabilities	<u>354,900</u>	<u>675,540</u>	<u>1,030,440</u>	<u>- 0 -</u>	<u>- 0 -</u>
NET POSITION:					
Held in Trust for:					
Unemployment Claims				102,713	
Scholarships					263,166
Total Net Position	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 102,713</u>	<u>\$ 263,166</u>

Exhibit H-2

MORRIS HILLS REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
ADDITIONS:		
Contributions:		
Employee	\$ 119,511	
Donations		\$ 32,965
Total Contributions	<u>119,511</u>	<u>32,965</u>
Investment Earnings:		
Interest	9	262
Net Investment Earnings	<u>9</u>	<u>262</u>
Total Additions	<u>119,520</u>	<u>33,227</u>
DEDUCTIONS:		
Unemployment Claims	137,191	
Scholarships Awarded		31,200
Total Deductions	<u>137,191</u>	<u>31,200</u>
Change in Net Position	(17,671)	2,027
Net Position - Beginning of the Year	<u>120,384</u>	<u>261,139</u>
Net Position - End of the Year	<u>\$ 102,713</u>	<u>\$ 263,166</u>

Exhibit H-3

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 369,590	\$ 441,434	\$ 456,124	\$ 354,900
Total Assets	<u>\$ 369,590</u>	<u>\$ 441,434</u>	<u>\$ 456,124</u>	<u>\$ 354,900</u>
LIABILITIES:				
Liabilities:				
Due to Student Groups	\$ 369,590	\$ 441,434	\$ 456,124	\$ 354,900
Total Liabilities	<u>\$ 369,590</u>	<u>\$ 441,434</u>	<u>\$ 456,124</u>	<u>\$ 354,900</u>

Exhibit H-4

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Senior High Schools:				
Morris Hills	\$ 130,646	\$ 159,872	\$ 173,825	\$ 116,693
Morris Knolls	233,392	281,367	281,549	233,210
District-Wide	5,552	195	750	4,997
	<u>5,552</u>	<u>195</u>	<u>750</u>	<u>4,997</u>
Total All Schools	<u>\$ 369,590</u>	<u>\$ 441,434</u>	<u>\$ 456,124</u>	<u>\$ 354,900</u>

Exhibit H-5

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 6,804	\$ 50,661,795	\$ 49,993,059	\$ 675,540
Total Assets	<u>\$ 6,804</u>	<u>\$ 50,661,795</u>	<u>\$ 49,993,059</u>	<u>\$ 675,540</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 6,804	\$ 50,661,795	\$ 49,993,059	\$ 675,540
Total Liabilities	<u>\$ 6,804</u>	<u>\$ 50,661,795</u>	<u>\$ 49,993,059</u>	<u>\$ 675,540</u>

LONG-TERM DEBT

Exhibit I-1

MORRIS HILLS REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2015	Matured	Balance June 30, 2016
			Date	Amount				
Refunding Bonds	03/28/12	\$ 28,230,000	10/01/16	\$ 1,450,000	2.00%			
			10/01/17	1,500,000	4.00%			
			10/01/18	1,555,000	4.00%			
			10/01/19	1,610,000	3.00%			
			10/01/20	1,670,000	4.00%			
			10/01/21	1,740,000	4.00%			
			10/01/22	1,810,000	4.00%			
			10/01/23	1,895,000	5.00%			
			10/01/24	1,990,000	5.00%			
			10/01/25	2,095,000	5.00%			
			10/01/26	2,200,000	5.00%			
			10/01/27	2,315,000	5.00%			
			10/01/28	2,430,000	5.00%			
10/01/29	2,550,000	5.00%	\$ 28,230,000	\$ 1,420,000	\$ 26,810,000			
						\$ 28,230,000	\$ 1,420,000	\$ 26,810,000

Exhibit I-2

MORRIS HILLS REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Item	Interest Rate	Original Issue	Balance June 30, 2015	Issued	Matured	Balance June 30, 2016
Morris Knolls High School Roof Replacement	3.31%	\$ 1,355,400	\$ 288,553		\$ 288,553	
Morris Hills and Morris Knolls High Schools Partial Roof Replacement; Morris Hills High School HVAC; Morris Knolls High School Partial Window Replacement	1.688%	2,300,000		\$ 2,300,000		\$ 2,300,000
			<u>\$ 288,553</u>	<u>\$ 2,300,000</u>	<u>\$ 288,553</u>	<u>\$ 2,300,000</u>

Exhibit I-3

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,615,000		\$ 2,615,000	\$ 2,615,000	
Total Revenues	2,615,000		2,615,000	2,615,000	
EXPENDITURES:					
Regular Debt Service:					
Interest	1,196,250		1,196,250	1,196,250	
Redemption of Principal	1,420,000		1,420,000	1,420,000	
Total Regular Debt Service	2,616,250		2,616,250	2,616,250	
Total Expenditures	2,616,250		2,616,250	2,616,250	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,250)		(1,250)	(1,250)	
Other Financing Sources:					
Transfers In:					
Capital Projects Fund - Interest				994	\$ 994
Total Other Financing Sources				994	994
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(1,250)		(1,250)	(256)	994
Fund Balance, July 1	1,256		1,256	1,256	- 0 -
Fund Balance, June 30	<u>\$ 6</u>	<u>\$ - 0 -</u>	<u>\$ 6</u>	<u>\$ 1,000</u>	<u>\$ 994</u>

Recapitulation of Fund Balance at June 30, 2016:

Restricted for Subsequent Year's Expenditures

\$ 1,000

**STATISTICAL SECTION
(UNAUDITED)**

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

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

Exhibit J-1

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

	June 30,				
	2007	2008	2009	2010	2011
Governmental Activities:					
Net Investment (Deficit) in					
Capital Assets	\$ 12,244,580	\$ 12,422,363	\$ 11,069,730	\$ 9,464,042	\$ 9,471,239
Restricted	5,439,966	2,897,496	2,019,387	2,016,795	1,758,516
Unrestricted (Deficit)	(2,488,934)	(2,404,949)	(1,947,179)	(3,045,007)	(1,922,767)
Total Governmental Activities					
Net Position	<u>\$ 15,195,612</u>	<u>\$ 12,914,910</u>	<u>\$ 11,141,938</u>	<u>\$ 8,435,830</u>	<u>\$ 9,306,988</u>
Business-type Activities:					
Investment in Capital Assets	\$ 645,884	\$ 652,071	\$ 630,159	\$ 664,787	\$ 630,030
Unrestricted	111,661	67,113	69,400	110,392	303,538
Total Business-type Activities					
Net Position	<u>\$ 757,545</u>	<u>\$ 719,184</u>	<u>\$ 699,559</u>	<u>\$ 775,179</u>	<u>\$ 933,568</u>
District-wide:					
Net Investment in Capital Assets	\$ 12,890,464	\$ 13,074,434	\$ 11,699,889	\$ 10,128,829	\$ 10,101,269
Restricted	5,439,966	2,897,496	2,019,387	2,016,795	1,758,516
Unrestricted (Deficit)	(2,377,273)	(2,337,836)	(1,877,779)	(2,934,615)	(1,619,229)
Total District-wide Net Position	<u>\$ 15,953,157</u>	<u>\$ 13,634,094</u>	<u>\$ 11,841,497</u>	<u>\$ 9,211,009</u>	<u>\$ 10,240,556</u>

	June 30,				
	2012	2013	2014	2015	2016
Governmental Activities:					
Net Investment in Capital Assets	\$ 11,190,521	\$ 10,349,720	\$ 11,773,562	\$ 14,883,235	\$ 12,889,944
Restricted	4,095,383	4,228,046	1,652,071	2,356,403	3,573,668
Unrestricted (Deficit)	(4,671,212)	(4,926,074)	(21,653,578)	(24,329,354)	(21,614,898)
Total Governmental Activities					
Net Position (Deficit)	<u>\$ 10,614,692</u>	<u>\$ 9,651,692</u>	<u>\$ (8,227,945)</u>	<u>\$ (7,089,716)</u>	<u>\$ (5,151,286)</u>
Business-type Activities:					
Investment in Capital Assets	\$ 595,274	\$ 562,991	\$ 563,852	\$ 576,583	\$ 686,752
Unrestricted	157,555	150,288	221,701	306,380	266,550
Total Business-type Activities					
Net Position	<u>\$ 752,829</u>	<u>\$ 713,279</u>	<u>\$ 785,553</u>	<u>\$ 882,963</u>	<u>\$ 953,302</u>
District-wide:					
Net Investment in Capital Assets	\$ 11,785,795	\$ 10,912,711	\$ 12,337,414	\$ 15,459,818	\$ 13,576,696
Restricted	4,095,383	4,228,046	1,652,071	2,356,403	3,573,668
Unrestricted (Deficit)	(4,513,657)	(4,775,786)	(21,431,877)	(24,022,974)	(21,348,348)
Total District-wide Net Position (Deficit)	<u>\$ 11,367,521</u>	<u>\$ 10,364,971</u>	<u>\$ (7,442,392)</u>	<u>\$ (6,206,753)</u>	<u>\$ (4,197,984)</u>

Source: Morris Hills Regional School District Financial Reports.

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

Expenses:	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
Instruction:										
Regular	\$ 22,362,336	\$ 24,097,822	\$ 22,682,264	\$ 24,442,107	\$ 22,132,245	\$ 23,580,347	\$ 25,253,267	\$ 25,898,711	\$ 29,949,751	\$ 31,973,788
Special Education	3,621,473	3,857,566	3,720,890	4,390,107	4,005,649	4,572,377	4,507,524	4,691,075	5,359,840	5,524,463
Other Special Instruction	917,304	972,976	915,563	785,181	760,974	721,897	723,961	752,932	935,752	935,440
Vocational			25,400							
School-Sponsored Other Instruction	3,240,540	3,375,198	3,493,039	3,095,048	2,900,081	2,986,160	3,208,689	3,250,058	3,818,728	4,089,715
Support Services:										
Tuition	3,133,687	3,594,088	4,307,369	4,378,041	4,495,059	5,210,362	4,863,423	5,502,348	5,155,195	4,996,386
Student & Instruction Related Services	6,601,495	7,220,508	7,853,427	9,400,174	8,950,519	8,342,150	8,473,224	8,775,143	10,150,640	10,919,707
General Administration Services	894,939	942,727	1,053,677	679,982	797,148	889,261	978,211	985,538	997,602	967,219
School Administration Services	2,372,680	2,394,401	2,427,840	2,796,923	1,787,401	2,277,283	2,925,465	2,810,914	3,154,101	3,311,209
Central Services	826,607	765,242	1,013,144	1,004,378	1,080,776	1,188,886	1,216,783	1,226,266	1,274,972	1,141,510
Administrative Information Technology	92,475	79,629	93,827	272,347	336,435	349,853	617,062	545,629	707,388	698,091
Plant Operations and Maintenance	6,064,127	5,684,709	6,037,285	5,413,917	5,482,109	4,798,296	5,970,683	6,012,276	5,182,146	5,392,773
Pupil Transportation	2,950,153	3,164,314	3,492,296	3,713,188	4,115,382	4,135,401	4,375,236	4,567,508	4,760,225	4,963,127
Special Schools	1,293,759	1,397,864	994,381	570,194	511,287	400,370	450,443	467,116	555,695	640,370
Interest on Long-term Debt	1,785,658	2,076,499	1,876,599	1,489,917	1,448,966	1,327,692	1,271,775	1,148,334	1,096,240	1,086,027
Unallocated Depreciation	2,106,943	2,115,256	2,137,466	2,218,693	2,220,671	2,314,925	2,447,833	2,350,839	2,355,536	2,352,091
Total Governmental Activities Expenses	58,264,176	61,738,799	62,124,467	64,650,197	61,024,702	63,095,260	67,283,579	68,984,687	75,453,811	78,991,916
Business-type Activities:										
Food Service	882,746	890,929	853,251	877,132	901,624	953,281	898,184	841,724	1,039,193	1,220,669
Academy for Technology	1,008,372	1,057,972	1,099,572	1,137,372	1,130,754	1,137,372	1,137,372	1,137,372	1,137,373	1,137,372
Adult Continuing Education				183,751	171,109	189,211	152,500	130,007	160,274	83,718
Shared Services					897,490	1,264,426	1,083,415	1,164,571	1,271,496	1,249,402
Total Business-type Activities Expenses	1,891,118	1,948,901	1,952,823	2,198,255	3,100,977	3,544,290	3,271,471	3,273,674	3,608,336	3,691,161
Total District-wide Expenses	\$ 60,155,294	\$ 63,687,700	\$ 64,077,290	\$ 66,848,452	\$ 64,125,679	\$ 66,639,550	\$ 70,555,050	\$ 72,258,361	\$ 79,062,147	\$ 82,683,077

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 227,463	\$ 218,358	\$ 269,017							
Operating Grants and Contributions	8,739,660	8,865,108	7,652,418	\$ 7,924,101	\$ 5,894,275	\$ 7,702,596	\$ 8,980,849	\$ 8,499,818	\$ 15,142,605	\$ 18,030,698
Capital Grants and Contributions	5,530,294	177,607	511,505	173,080	636,162	422,673			11,321	
Total Governmental Activities Program Revenues	14,497,417	9,261,073	8,432,940	8,097,181	6,530,437	8,125,269	8,980,849	8,499,818	15,153,926	18,030,698
Business-type Activities:										
Charges for Services:										
Food Service	756,245	741,880	713,207	701,268	694,895	736,681	717,621	736,931	925,308	1,023,150
Academy for Technology	988,800	1,038,400	1,080,000	1,117,800	1,117,800	1,117,800	1,117,800	1,117,800	1,117,800	1,117,800
Adult Continuing Education				199,393	171,705	189,211	152,530	130,007	160,244	83,577
Shared Services					1,056,556	1,105,360	1,083,415	1,164,571	1,271,496	1,249,402
Operating Grants and Contributions	130,135	130,260	139,991	185,914	218,410	214,499	160,555	196,639	230,898	287,571
Total Business-type Activities Revenues	1,875,180	1,910,540	1,933,198	2,204,375	3,259,366	3,363,551	3,231,921	3,345,948	3,705,746	3,761,500
Total District-wide Program Revenues	\$ 16,372,597	\$ 11,171,613	\$ 10,366,138	\$ 10,301,556	\$ 9,789,803	\$ 11,488,820	\$ 12,212,770	\$ 11,845,766	\$ 18,859,672	\$ 21,792,198
Net (Expense)/Revenue:										
Governmental Activities:	\$ (43,766,759)	\$ (52,477,726)	\$ (53,691,527)	\$ (56,553,016)	\$ (54,494,265)	\$ (54,969,991)	\$ (58,302,730)	\$ (60,484,869)	\$ (60,299,885)	\$ (60,961,218)
Business-type Activities	(15,938)	(38,361)	(19,625)	6,120	158,389	(180,739)	(39,550)	72,274	97,410	70,339
Total District-wide Net (Expense)/Revenue	\$ (43,782,697)	\$ (52,516,087)	\$ (53,711,152)	\$ (56,546,896)	\$ (54,335,876)	\$ (55,150,730)	\$ (58,342,280)	\$ (60,412,595)	\$ (60,202,475)	\$ (60,890,879)

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for										
General Purposes, Net	\$ 40,260,382	\$ 43,573,880	\$ 44,855,762	\$ 46,649,992	\$ 48,539,727	\$ 49,510,522	\$ 50,500,732	\$ 51,660,747	\$ 53,092,975	\$ 54,322,759
Taxes Levied for Debt Service	1,754,175	2,563,086	2,693,541	2,729,910	2,691,040	2,715,332	2,716,683	2,705,950	2,708,335	2,615,000
Unrestricted Grants and Contributions	3,132,475	3,517,027	3,905,398	4,011,895	3,771,122	3,770,140	4,186,366	5,280,609	5,300,269	5,531,590
Tuition	67,232	96,970	207,811	54,325	199,137	230,252	106,859	86,449	135,152	212,230
Investment Earnings	343,366	264,432	123,411	28,606	15,924	12,238	11,659	8,371	7,690	5,957
Miscellaneous Income	129,994	181,629	132,632	372,180	148,473	39,211	135,926	174,571	193,693	212,112
Special Item - Reappraisal of Capital Assets	(3,725,082)									
Total Governmental Activities General Revenues and Other Changes	41,962,542	50,197,024	51,918,555	53,846,908	55,365,423	56,277,695	57,658,225	59,916,697	61,438,114	62,899,648
Business-type Activities:										
Special Item - Reappraisal of Capital Assets				69,500						
Total Business-type Activities General Revenues and Other Changes	- 0 -	- 0 -	- 0 -	69,500	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Total District-wide General Revenues and Other Changes in Net Position	\$ 41,962,542	\$ 50,197,024	\$ 51,918,555	\$ 53,916,408	\$ 55,365,423	\$ 56,277,695	\$ 57,658,225	\$ 59,916,697	\$ 61,438,114	\$ 62,899,648
Change in Net Position:										
Governmental Activities	\$ (1,804,217)	\$ (2,280,702)	\$ (1,772,972)	\$ (2,706,108)	\$ 871,158	\$ 1,307,704	\$ (644,505)	\$ (568,172)	\$ 1,138,229	\$ 1,938,430
Business-type Activities	(15,938)	(38,361)	(19,625)	75,620	158,389	(180,739)	(39,550)	72,274	97,410	70,339
Total District-wide Change in Net Position	\$ (1,820,155)	\$ (2,319,063)	\$ (1,792,597)	\$ (2,630,488)	\$ 1,029,547	\$ 1,126,965	\$ (684,055)	\$ (495,898)	\$ 1,235,639	\$ 2,008,769

Source: Morris Hills Regional School District Financial Reports.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Reserved	\$ 3,348,825	\$ 1,787,842	\$ 403,210	\$ 500,090						
Unreserved	439,709	623,553	1,253,096	369,853						
Restricted					\$ 4,095,383	\$ 3,603,037	\$ 3,798,900	\$ 1,650,400	\$ 2,355,147	\$ 3,572,668
Assigned					400,000	300,000	923,000	623,000	568,117	623,000
Unassigned					404,722	436,693	338,199	228,126		68,812
Total General Fund	\$ 3,788,534	\$ 2,411,395	\$ 1,656,306	\$ 869,943	\$ 4,900,105	\$ 4,339,730	\$ 5,060,099	\$ 2,501,526	\$ 2,923,264	\$ 4,264,480
All Other Governmental Funds:										
Reserved	\$ 316,857		\$ 746,400	\$ 259,852						
Unreserved, Reported in:										
Capital Projects Fund	1,574,416	\$ 1,073,960	831,532	1,211,217						
Debt Service Fund	199,868	35,694	38,245	45,636						
Restricted					\$ 507,076	\$ 492,346	\$ 429,146	\$ 1,671	\$ 1,256	\$ 1,000
Committed					585,339	204,484	45,475	1,188,155	1,274,481	4,234,025
Total All Other Governmental Funds	\$ 2,091,141	\$ 1,109,654	\$ 1,616,177	\$ 1,516,705	\$ 1,092,415	\$ 696,830	\$ 474,621	\$ 1,189,826	\$ 1,275,737	\$ 4,235,025
Total Governmental Funds	\$ 5,879,675	\$ 3,521,049	\$ 3,272,483	\$ 2,386,648	\$ 5,992,520	\$ 5,036,560	\$ 5,534,720	\$ 3,691,352	\$ 4,199,001	\$ 8,499,505

NOTE: The District implemented GASB #54 (relating to classification of fund balances) effective during the fiscal year ended June 30, 2011.

Source: Morris Hills Regional School District Financial Reports.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Tax Levy	\$ 42,014,557	\$ 46,136,966	\$ 47,549,303	\$ 49,379,902	\$ 51,230,767	\$ 52,225,854	\$ 53,217,415	\$ 54,366,697	\$ 55,801,310	\$ 56,937,759
Tuition Charges	67,232	96,970	207,811	54,325	199,137	230,252	106,859	86,449	135,152	212,230
Interest Earnings	343,366	264,432	123,411	28,606	15,924	12,238	11,659	8,371	7,690	5,957
Miscellaneous	357,457	399,987	401,649	372,180	148,473	39,211	135,926	174,571	193,693	215,447
State Sources	16,804,861	12,000,467	11,394,530	10,331,413	9,441,921	10,721,957	12,396,251	13,009,516	13,725,833	15,035,062
Federal Sources	597,568	559,275	674,791	1,777,663	859,638	1,173,452	770,964	770,911	731,241	740,680
Total Revenues	60,185,041	59,458,097	60,351,495	61,944,089	61,895,860	64,402,964	66,639,074	68,416,515	70,594,919	73,147,135
Expenditures:										
Instruction:										
Regular Instruction	15,373,602	16,551,695	16,903,113	17,468,637	17,027,061	17,890,035	18,500,547	19,333,645	19,859,438	20,237,201
Special Education Instruction	2,586,128	2,720,295	2,816,272	2,972,390	3,135,176	3,461,026	3,428,011	3,434,926	3,578,399	3,521,797
Other Special Instruction	619,735	657,336	676,319	659,935	679,711	630,633	613,023	661,696	681,272	635,628
School-Sponsored Other Instruction	2,313,137	2,394,306	2,584,656	2,648,187	2,626,925	2,655,880	2,781,894	2,864,392	2,902,401	2,952,714
Support Services:										
Tuition	3,133,687	3,594,088	4,307,369	4,378,041	4,495,059	5,210,362	4,863,423	5,502,348	5,155,195	4,996,386
Student & Instruction Related Services	5,402,203	5,832,267	6,193,134	6,454,804	6,363,896	5,922,559	5,776,167	6,206,811	6,484,947	6,615,897
General Administration Services	792,571	836,168	902,538	803,191	835,474	835,692	911,681	954,239	864,209	852,100
School Administration Services	1,801,620	1,781,254	1,692,752	1,733,794	1,574,246	1,704,511	1,985,051	2,122,877	1,976,936	2,010,456
Central Services	679,811	618,583	781,665	759,778	840,518	888,915	899,428	960,082	993,118	935,556
Administrative Information Technology	90,122	73,622	93,672	203,083	273,944	283,277	510,763	450,595	489,631	527,339
Plant Operations and Maintenance	5,515,263	5,065,309	5,422,735	4,456,964	4,288,028	3,683,888	3,770,765	4,087,590	4,034,861	3,935,050
Pupil Transportation	2,481,448	2,620,415	2,823,732	3,085,385	3,120,105	2,979,435	3,183,161	3,410,958	3,671,722	3,688,678
Allocated Benefits				6,902,386	7,845,437	8,222,549	8,762,988	8,786,311	8,432,827	8,573,967
Unallocated Benefits	11,954,913	12,807,478	11,054,376	6,192,299	3,505,818	4,204,538	5,385,415	4,816,508	5,537,742	6,568,849
Capital Outlay	21,131,436	1,940,381	483,405	1,286,342	2,697,160	856,633	1,656,119	3,540,031	2,290,863	2,015,530
Special Schools	1,005,055	1,087,683	788,055	562,123	451,488	359,325	392,941	419,423	423,859	463,233
Debt Service:										
Principal	1,115,000	1,150,000	1,190,000	1,230,000	1,270,000	1,310,000	1,360,000	1,410,000	1,470,000	1,420,000
Interest and Other Charges	1,794,369	2,085,843	1,886,268	1,499,910	1,459,285	1,415,723	1,359,537	1,297,450	1,239,850	1,196,250
Total Expenditures	77,790,100	61,816,723	60,600,061	63,297,249	62,489,331	62,514,981	66,140,914	70,259,883	70,087,270	71,146,631
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,605,059)	(2,358,626)	(248,566)	(1,353,160)	(593,471)	1,887,983	498,160	(1,843,368)	507,649	2,000,504

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources (Uses):										
Capital Lease Proceeds					\$ 1,355,400					\$ 2,300,000
Capital Leases (Non-Budgeted)				\$ 467,325						
Transfers In	\$ 216,693	\$ 178,715	\$ 413,245	651,284	3,354	\$ 555,651	\$ 1,702,067	\$ 2,987,856	\$ 1,153,882	1,479,467
Transfers Out	(216,693)	(178,715)	(413,245)	(651,284)	(3,354)	(555,651)	(1,702,067)	(2,987,856)	(1,153,882)	(1,479,467)
Total Other Financing Sources (Uses)	- 0 -	- 0 -	- 0 -	467,325	1,355,400	- 0 -	- 0 -	- 0 -	- 0 -	2,300,000
Net Change in Fund Balances	\$ (17,605,059)	\$ (2,358,626)	\$ (248,566)	\$ (885,835)	\$ 761,929	\$ 1,887,983	\$ 498,160	\$ (1,843,368)	\$ 507,649	\$ 4,300,504
Debt Service as a Percentage of Noncapital Expenditures	5.13%	5.40%	5.12%	4.40%	4.56%	4.42%	4.22%	4.06%	4.00%	3.78%

Source: Morris Hills Regional School District Financial Reports.

Exhibit J-5

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

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Rentals - Use of Facilities	Adult School Fees	Other	Total
2007	\$ 201,307	\$ 67,232	\$ 691	\$ 227,463	\$ 54,669	\$ 551,362
2008	203,747	96,970	2,850	218,358	60,749	582,674
2009	85,166	207,811	4,425	269,017	128,207	694,626
2010	54,886	54,325	3,400	*	335,109	447,720
2011	12,570	199,137	35,142	*	113,331	360,180
2012	9,377	230,252	20,943	*	18,268	278,840
2013	9,005	106,859	15,830	*	120,096	251,790
2014	8,215	86,449	34,968	*	139,603	269,235
2015	6,590	135,152	35,723	*	157,970	335,435
2016	4,963	212,230	26,683	*	185,429	429,305

* - The District established an Adult Continuing Education Enterprise Fund in 2009-10.

Source: Morris Hills Regional School District records.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

DENVILLE TOWNSHIP

Year End Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2006	\$ 54,971,100	\$ 1,767,342,500	\$ 6,187,800	\$ 138,200	\$ 300,914,600	\$ 72,707,400	\$ 8,173,600	\$ 2,210,435,200	\$ 4,607,705	\$ 2,215,042,905	\$ 199,718,900	\$ 0.58	\$ 2,990,178,143
2007	51,305,900	1,819,429,300	4,842,400	86,900	299,050,900	70,322,400	8,173,600	2,253,211,400	4,840,446	2,258,051,846	199,178,400	0.61	3,342,260,004
2008	48,382,100	1,842,271,000	4,842,400	86,900	295,343,300	70,122,400	7,729,600	2,268,777,700	4,679,377	2,273,457,077	206,799,900	0.66	3,524,915,454
2009	45,790,100	1,857,498,100	4,554,400	82,600	297,466,700	70,122,400	7,729,600	2,283,243,900	5,460,388	2,288,704,288	207,717,200	0.68	3,565,499,240
2010	45,416,600	1,862,250,600	4,353,300	77,900	295,238,400	70,122,400	7,729,600	2,285,188,800	5,230,954	2,290,419,754	208,621,000	0.70	3,414,567,910
2011	43,509,600	1,858,092,500	4,331,100	78,700	297,471,200	69,428,400	7,579,600	2,280,491,100	-0-	2,280,491,100	209,403,400	0.75	3,397,561,201
2012	41,831,900	1,854,794,500	4,331,100	78,700	297,753,400	69,244,600	7,579,600	2,275,613,800	-0-	2,275,613,800	209,736,700	0.81	3,355,655,826
2013	38,102,700	1,839,357,500	4,302,100	77,200	298,019,500	65,894,200	7,579,600	2,253,332,800	-0-	2,253,332,800	209,606,600	0.85	3,228,291,771
2014	37,165,900	1,836,196,200	4,028,900	81,200	269,428,500	66,056,700	7,579,600	2,220,537,000	-0-	2,220,537,000	213,597,600	0.88	3,126,969,683
2015	35,800,700	1,841,849,600	4,049,500	81,200	269,647,900	64,280,400	7,579,600	2,223,288,900	-0-	2,223,288,900	213,333,200	0.91	3,250,387,268

ROCKAWAY BOROUGH

Year End Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2006	\$ 13,759,500	\$ 558,180,200	\$ -0-	\$ -0-	\$ 143,750,600	\$ 24,756,900	\$ 21,776,100	\$ 762,223,300	\$ 854,156	\$ 763,077,456	\$ 69,073,800	\$ 0.55	\$ 800,711,986
2007	12,959,500	561,984,000	-0-	-0-	138,492,700	29,747,700	22,292,400	765,476,300	780,140	766,256,440	70,776,500	0.56	879,939,762
2008	10,291,900	563,247,300	-0-	-0-	143,341,900	31,007,900	22,292,400	770,181,400	1,074,601	771,256,001	70,776,500	0.59	951,846,844
2009	9,275,600	564,835,000	-0-	-0-	145,893,000	31,420,600	22,292,400	773,716,600	1,314,991	775,031,591	71,093,400	0.61	933,754,792
2010	7,687,300	566,098,500	-0-	-0-	148,645,600	31,245,600	22,292,400	775,969,400	1,257,313	777,226,713	73,341,400	0.62	951,631,970
2011	7,576,300	566,923,205	-0-	-0-	152,356,300	31,661,525	22,292,400	780,809,730	1,257,313	782,067,043	73,741,400	0.63	932,413,631
2012	7,284,700	566,700,805	-0-	-0-	152,530,825	31,245,600	22,292,400	780,054,330	1,257,313	781,311,643	73,833,700	0.65	900,041,551
2013	7,157,400	565,491,935	-0-	-0-	152,570,425	31,252,600	22,292,400	778,764,760	1,257,313	780,022,073	73,992,500	0.64	850,980,929
2014	7,097,400	564,385,430	-0-	-0-	152,962,525	31,102,600	22,292,400	777,840,355	1,257,313	779,097,668	73,441,600	0.70	866,746,168
2015	7,207,500	564,302,030	-0-	-0-	153,387,425	31,102,600	22,292,400	778,291,955	92	778,292,047	72,870,600	0.98	849,680,286

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

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

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

LAST TEN YEARS
UNAUDITED

ROCKAWAY TOWNSHIP

Year End Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual Tax (County Equalized Value)
2006	\$ 66,597,800	\$ 2,153,129,000	\$ 3,613,000	\$ 153,700	\$ 492,312,500	\$ 170,170,500	\$ 35,514,500	\$ 2,921,491,000	\$ 2,470,301	\$ 2,923,961,301	\$ 933,659,300	\$ 0.71	\$ 4,176,109,351
2007	65,014,700	2,169,466,200	3,370,700	152,300	450,806,800	172,386,400	38,686,200	2,899,883,300	2,964,341	2,902,847,641	936,722,300	0.76	4,429,660,672
2008	73,980,100	2,175,843,900	3,526,800	157,600	440,184,300	166,746,900	40,661,200	2,901,100,800	3,170,052	2,904,270,852	937,428,400	0.79	4,487,150,052
2009	57,991,000	2,191,514,300	4,195,500	159,400	440,278,600	157,233,000	40,661,200	2,892,033,000	3,511,905	2,895,544,905	944,482,600	0.81	4,589,387,613
2010	51,655,300	2,192,005,300	4,195,500	157,600	439,785,000	153,274,200	40,661,200	2,881,734,100	3,973,869	2,885,707,969	945,762,000	0.87	4,773,710,605
2011	50,187,300	2,139,483,600	4,521,300	163,900	438,240,100	152,791,900	40,581,500	2,825,969,600	3,973,869	2,829,943,469	945,641,300	0.91	4,229,138,313
2012*	69,770,400	2,675,416,500	5,970,500	211,200	578,990,200	211,423,800	59,954,100	3,601,736,700	-0-	3,601,736,700	405,150,100	0.69	4,201,426,235
2013	65,419,000	2,683,763,200	5,920,500	202,000	576,745,300	209,387,900	59,954,100	3,601,392,000	-0-	3,601,392,000	407,837,100	0.70	3,935,116,405
2014	65,434,200	2,657,539,800	7,859,700	203,900	570,208,400	207,773,700	59,954,100	3,568,973,800	-0-	3,568,973,800	408,552,300	0.72	3,801,875,651
2015	60,924,200	2,657,056,500	7,855,000	204,100	564,369,300	206,651,600	58,654,300	3,555,715,000	-0-	3,555,715,000	409,409,900	0.73	3,829,398,626

WHARTON BOROUGH

Year End Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual Tax (County Equalized Value)
2006	\$ 3,949,500	\$ 235,960,300	\$ 146,900	\$ 2,500	\$ 57,911,700	\$ 28,603,100	\$ 20,922,300	\$ 347,496,300	\$ 425,268	\$ 347,921,568	\$ 25,906,500	\$ 1.00	\$ 700,086,600
2007	5,165,300	233,507,500	146,900	2,500	38,138,900	53,739,800	20,922,300	351,623,200	389,636	352,012,836	24,823,900	1.13	810,504,523
2008*	17,248,900	567,671,400	703,100	4,000	102,222,100	126,740,600	28,526,200	843,116,300	1,164,475	844,280,775	68,002,200	0.52	875,685,946
2009	16,610,600	568,140,100	703,100	4,000	103,002,400	126,740,600	28,526,200	843,727,000	-0-	843,727,000	67,736,000	0.54	863,774,131
2010*	12,431,400	489,700,200	621,200	4,000	102,374,200	113,236,100	24,354,300	742,721,400	-0-	742,721,400	66,238,700	0.61	841,091,053
2011	12,263,900	489,528,100	621,200	4,000	101,874,000	105,180,200	24,354,300	733,825,700	-0-	733,825,700	66,891,500	0.61	786,503,886
2012	12,263,900	489,338,100	621,200	4,000	101,874,000	105,180,200	24,354,300	733,635,700	-0-	733,635,700	66,891,500	0.62	745,985,600
2013*	12,816,300	431,026,500	571,200	4,000	93,914,900	97,860,000	21,698,800	657,891,700	-0-	657,891,700	67,532,300	0.69	723,873,433
2014	12,324,900	422,510,400	566,600	4,000	93,341,300	97,616,100	21,819,500	648,182,800	-0-	648,182,800	67,252,000	0.70	701,205,616
2015	11,789,600	427,569,800	576,400	4,000	92,610,400	97,716,600	21,914,000	652,180,800	-0-	652,180,800	96,632,800	0.65	673,503,608

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

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

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

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

Source: Municipal Tax Assessors.

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

(Rate per \$100 of Assessed Value)

DENVILLE TOWNSHIP

Year Ended Dec. 31,	Morris Hills Regional School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Rate	Denville Township	Denville Township Public Schools	Morris County	
2006	\$ 0.55	0.03	\$ 0.58	\$ 0.44	\$ 0.97	\$ 0.34	\$ 2.33
2007	0.58	0.03	0.61	0.46	1.03	0.35	2.45
2008	0.62	0.04	0.66	0.50	1.07	0.36	2.59
2009	0.64	0.04	0.68	0.53	1.08	0.35	2.64
2010	0.66	0.04	0.70	0.55	1.09	0.34	2.68
2011	0.71	0.04	0.75	0.55	1.12	0.35	2.77
2012	0.77	0.04	0.81	0.57	1.14	0.36	2.88
2013	0.81	0.04	0.85	0.58	1.18	0.36	2.97
2014	0.84	0.04	0.88	0.62	1.20	0.36	3.06
2015	0.87	0.04	0.91	0.63	1.22	0.36	3.12

ROCKAWAY BOROUGH

Year Ended Dec. 31,	Morris Hills Regional School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Rate	Rockaway Borough	Rockaway Borough Public Schools	Morris County	
2006	\$ 0.52	0.03	\$ 0.55	\$ 0.44	\$ 0.77	\$ 0.26	\$ 2.02
2007	0.53	0.03	0.56	0.48	0.81	0.27	2.12
2008	0.55	0.04	0.59	0.54	0.83	0.29	2.25
2009	0.58	0.03	0.61	0.59	0.83	0.27	2.30
2010	0.59	0.03	0.62	0.61	0.85	0.28	2.36
2011	0.60	0.03	0.63	0.63	0.88	0.28	2.42
2012	0.62	0.03	0.65	0.66	0.91	0.28	2.50
2013	0.61	0.03	0.64	0.72	0.93	0.28	2.57
2014	0.67	0.03	0.70	0.76	0.95	0.29	2.70
2015	0.93	0.05	0.98	0.79	0.75	0.28	2.80

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

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

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

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

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

UNAUDITED

(Rate per \$100 of Assessed Value)

ROCKAWAY TOWNSHIP

Year Ended Dec. 31,	Morris Hills Regional School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Rate	Rockaway Township	Rockaway Township Public Schools	Morris County	
2006	\$ 0.67	0.04	\$ 0.71	\$ 0.68	\$ 1.27	\$ 0.36	\$ 3.02
2007	0.72	0.04	0.76	0.72	1.31	0.36	3.15
2008	0.74	0.05	0.79	0.78	1.35	0.36	3.28
2009	0.76	0.05	0.81	0.82	1.35	0.35	3.33
2010	0.82	0.05	0.87	0.86	1.38	0.38	3.49
2011	0.86	0.05	0.91	0.89	1.44	0.36	3.60
2012 *	0.65 *	0.04 *	0.69 *	0.76 *	1.14 *	0.29 *	2.88 *
2013	0.66	0.04	0.70	0.79	1.15	0.27	2.91
2014	0.68	0.04	0.72	0.84	1.17	0.27	3.00
2015	0.69	0.04	0.73	0.86	1.20	0.27	3.06

WHARTON BOROUGH

Year Ended Dec. 31,	Morris Hills Regional School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Rate	Wharton Borough	Wharton Borough Public Schools	Morris County	
2006	\$ 0.95	0.05	\$ 1.00	\$ 0.85	\$ 1.98	\$ 0.50	\$ 4.33
2007	1.07	0.06	1.13	0.91	2.04	0.55	4.63
2008 *	0.49 *	0.03 *	0.52 *	0.44 *	0.87 *	0.24 *	2.07 *
2009	0.51	0.03	0.54	0.46	0.88	0.23	2.11
2010 *	0.58 *	0.03 *	0.61 *	0.57 *	1.02 *	0.26 *	2.46 *
2011	0.58	0.03	0.61	0.61	1.07	0.25	2.54
2012	0.59	0.03	0.62	0.63	1.11	0.25	2.61
2013 *	0.66 *	0.03 *	0.69 *	0.72 *	1.28 *	0.28 *	2.97 *
2014	0.67	0.03	0.70	0.76	1.33	0.27	3.06
2015	0.62	0.03	0.65	0.76	1.35	0.26	3.02

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

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

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

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

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

Exhibit J-8
1 of 2

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

DENVILLE TOWNSHIP

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Prime Healthcare Services - St. Clare's	\$ 90,185,900	4.06%		
Shoppers at Union Hill	33,896,000	1.52%	\$ 21,100,000	0.95%
St. Francis Life Care Corp	30,409,200	1.37%	47,650,000	2.15%
Tamara Enterprises	18,345,000	0.83%	14,725,000	0.66%
Rockaway River Country Club	12,711,600	0.57%	8,448,600	0.38%
TEJ Denville Hospitality LLC	10,710,000	0.48%		
Pinefield Manor LLC	9,758,000	0.44%		
Individual Taxpayer #1	9,665,000	0.43%	8,900,000	0.40%
Denville West Main, LLC	9,571,000	0.43%		
Ford 66 LLC	7,860,000	0.35%		
Roma Hotel Associates, LLC			7,667,600	0.35%
WP Properties, LLC			5,700,000	0.26%
Denville 53, LLC			5,351,000	0.24%
WP Properties, LLC			5,200,000	0.23%
Morris 400, LLC			5,000,000	0.23%
Total	\$233,111,700	10.48%	\$129,742,200	5.85%

ROCKAWAY BOROUGH

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Rockaway Commons, LLC	\$ 13,026,250	1.67%	\$ 3,852,400	0.50%
Conn. Storage Dept. PT NJ	6,704,000	0.86%		
Highway Enterprises, Inc.	6,400,000	0.82%	10,532,300	1.38%
MC Williams Development Corp.	5,212,500	0.67%		
HS Gardens, LLC	4,983,000	0.64%	7,172,600	0.94%
WithInvestors Rockaway, LLC	4,640,000	0.60%		
MC Williams Forge Company	4,250,000	0.55%	11,111,100	1.46%
E & W Realty Associates, LLC	4,090,200	0.53%		
Moretrench Corp.	4,042,400	0.52%	3,299,400	0.43%
Roned Realty, L.P.	4,000,000	0.51%		
Individual Taxpayer #1			4,416,400	0.58%
Gustov L. Hollenstein, Inc.			4,249,700	0.56%
Wespas			3,924,200	0.51%
Kop-Coat, Inc.			2,976,800	0.39%
Won & Kyong			2,329,800	0.31%
Total	\$ 57,348,350	7.37%	\$ 53,864,700	7.06%

Source: Municipal Tax Assessors.

Exhibit J-8
2 of 2

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

ROCKAWAY TOWNSHIP

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Rockaway Center Associates	\$ 170,041,500	4.78%	\$ 176,726,300	6.04%
Mt. Hope Rock Products (Tilcon)	59,342,200	1.67%	36,804,000	1.26%
Rockaway Town Plaza	53,255,800	1.50%		
Linque Management (Marvin Poer)	30,121,400	0.85%		
Market Place at Rockaway, LLC	29,073,500	0.82%	20,445,800	0.70%
Rockaway 2014 LLC	26,971,100	0.76%		
Macy's East, Inc.	25,346,900	0.71%	32,940,000	1.13%
Dover UE LLC	25,316,800	0.71%		
Rustic Ridge, Inc.	24,800,000	0.70%	20,424,100	0.70%
Highlands at Morris	19,228,200	0.54%		
Realty Income Corp./AMC Enterprises		0.00%		
Sears Roebuck Company			25,581,600	0.87%
JC Penney Co., Inc.			24,623,600	0.84%
Cin Rockaway, LLC			20,722,300	0.71%
May Department Stores			19,559,500	0.67%
Bergen Record			19,000,000	0.65%
Total	\$ 463,497,400	13.04%	\$ 396,827,200	13.57%

Note: A reassessment/revaluation was effective in 2012 in Rockaway Township.

WHARTON BOROUGH

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
The Realty Associates Fund VIII LP	\$ 81,449,800	12.49%		
Glass Paramus	19,548,400	3.00%	\$ 8,568,200	2.46%
Costco Wholesale Club	17,000,000	2.61%	9,450,600	2.72%
C.C.K.K. LLC (Wharton Industrial)	11,946,600	1.83%	3,551,300	1.02%
Bayview Gardens LLC	8,400,000	1.29%		
Wharton Mall Associates, LLC	7,200,000	1.10%	4,000,000	1.15%
Brentwood Associates, Inc.	5,700,000	0.87%		
Wharton Apartments	4,098,900	0.63%	1,800,000	0.52%
Waltann Greenbrook, LLC	3,800,000	0.58%		
13 Broad LLC	3,200,000	0.49%		
TMC Properties			24,000,000	6.90%
Wharton Warehouse			19,802,200	5.69%
Edgewater, LLC			4,695,500	1.35%
Brentwood Gardens Apartments			3,256,000	0.94%
Buzy Lady Plaza			1,872,700	0.54%
Total	\$ 162,343,700	24.89%	\$ 80,996,500	23.29%

Note: A reassessment/revaluation was effective in 2008, 2010 and 2013 in Wharton Borough.

Source: Municipal Tax Assessors.

Exhibit J-9
1 of 2

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

DENVILLE TOWNSHIP

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 12,895,393	\$ 12,895,393	100.00%	\$ -0-
2008	14,578,843	14,578,843	100.00%	-0-
2009	15,336,507	15,336,507	100.00%	-0-
2010	15,802,450	15,802,450	100.00%	-0-
2011	16,331,641	16,331,641	100.00%	-0-
2012	17,869,628	17,869,628	100.00%	-0-
2013	18,753,893	18,753,893	100.00%	-0-
2014	19,595,027	19,595,027	100.00%	-0-
2015	19,528,633	19,528,633	100.00%	-0-
2016	20,753,444	20,753,444	100.00%	-0-

ROCKAWAY BOROUGH

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 4,180,987	\$ 4,180,987	100.00%	\$ -0-
2008	4,408,977	4,408,977	100.00%	-0-
2009	4,675,529	4,675,529	100.00%	-0-
2010	4,836,633	4,836,633	100.00%	-0-
2011	4,796,814	4,796,814	100.00%	-0-
2012	5,033,016	5,033,016	100.00%	-0-
2013	5,081,994	5,081,994	100.00%	-0-
2014	4,909,080	4,909,080	100.00%	-0-
2015	5,914,924	5,914,924	100.00%	-0-
2016	5,843,123	5,843,123	100.00%	-0-

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

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

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

ROCKAWAY TOWNSHIP

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 21,374,172	\$ 21,374,172	100.00%	\$ -0-
2008	22,773,917	22,773,917	100.00%	-0-
2009	23,105,067	23,105,067	100.00%	-0-
2010	24,102,083	24,102,083	100.00%	-0-
2011	25,731,751	25,731,751	100.00%	-0-
2012	24,750,107	24,750,107	100.00%	-0-
2013	24,909,188	24,909,188	100.00%	-0-
2014	25,323,458	25,323,458	100.00%	-0-
2015	25,871,039	25,871,039	100.00%	-0-
2016	26,324,331	26,324,331	100.00%	-0-

WHARTON BOROUGH

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 3,564,005	\$ 3,564,005	100.00%	\$ -0-
2008	4,375,229	4,375,229	100.00%	-0-
2009	4,432,200	4,432,200	100.00%	-0-
2010	4,638,736	4,638,736	100.00%	-0-
2011	4,370,561	4,370,561	100.00%	-0-
2012	4,573,103	4,573,103	100.00%	-0-
2013	4,472,340	4,472,340	100.00%	-0-
2014	4,539,132	4,539,132	100.00%	-0-
2015	4,486,714	4,486,714	100.00%	-0-
2016	4,016,862	4,016,862	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2007	\$ 40,897,000	\$ -0-	\$ -0-	\$ 12,000,000	\$ -0-	\$ 52,897,000	1.43%	\$ 981.70	
2008	39,747,000	-0-	-0-	11,600,000	-0-	51,347,000	1.32%	954.55	
2009	38,557,000	-0-	-0-	-0-	-0-	38,557,000	0.96%	715.87	
2010	37,327,000	-0-	373,754	-0-	-0-	37,700,754	0.99%	697.62	
2011	36,057,000	-0-	1,639,508	-0-	-0-	37,696,508	0.96%	699.99	
2012	32,470,000	-0-	1,291,897	-0-	-0-	33,761,897	0.82%	622.86	
2013	31,110,000	-0-	935,521	-0-	-0-	32,045,521	0.75%	589.57	
2014	29,700,000	-0-	567,861	-0-	-0-	30,267,861	0.70%	554.74	
2015	28,230,000	-0-	288,553	-0-	-0-	28,518,553	0.63%	523.20	
2016	26,810,000	-0-	2,300,000	-0-	-0-	29,110,000	0.64%	533.11	

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

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

Source: Morris Hills Regional School District Financial Reports.

Exhibit J-11

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	\$ 40,897,000	\$ -0-	\$ 40,897,000	0.654%	\$ 759.00
2008	39,747,000	-0-	39,747,000	0.633%	738.90
2009	38,557,000	-0-	38,557,000	0.568%	715.87
2010	37,327,000	-0-	37,327,000	0.549%	690.70
2011	36,057,000	-0-	36,057,000	0.538%	669.54
2012	32,470,000	-0-	32,470,000	0.490%	599.02
2013	31,110,000	-0-	31,110,000	0.421%	572.36
2014	29,700,000	-0-	29,700,000	0.407%	544.33
2015	28,230,000	-0-	28,230,000	0.391%	517.91
2016	26,810,000	-0-	26,810,000	0.372%	490.99

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

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

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

Source: Morris Hills Regional School District Financial Reports.

Exhibit J-12

MORRIS HILLS REGIONAL SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Denville Township	\$ 10,737,896	100.00%	\$ 10,737,896
Rockaway Borough	4,171,790	100.00%	4,171,790
Rockaway Township	25,794,595	100.00%	25,794,595
Wharton Borough	581,173	100.00%	581,173
Morris County General Obligation Debt	226,745,317	9.48%	<u>21,504,335</u>
Subtotal, Overlapping Debt			62,789,789
Morris Hills Regional School District Direct Debt			<u>30,530,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 93,319,789</u></u>

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

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

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

Exhibit J-13

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

	Fiscal Year Ended June 30,				
	2007	2008	2009	2010	2011
Debt Limit	\$ 252,233,365	\$ 276,509,624	\$ 290,090,146	\$ 295,799,348	\$ 292,189,888
Total Net Debt Applicable to Limit	40,897,000	39,747,000	38,557,000	37,327,000	36,057,000
Legal Debt Margin	<u>\$ 211,336,365</u>	<u>\$ 236,762,624</u>	<u>\$ 251,533,146</u>	<u>\$ 258,472,348</u>	<u>\$ 256,132,888</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.21%	14.37%	13.29%	12.62%	12.34%

	Fiscal Year Ended June 30,				
	2012	2013	2014	2015	2016
Debt Limit	\$ 284,994,990	\$ 272,960,160	\$ 264,457,335	\$ 258,597,096	\$ 257,846,475
Total Net Debt Applicable to Limit	32,470,000	31,110,000	29,700,000	28,230,000	26,810,000
Legal Debt Margin	<u>\$ 252,524,990</u>	<u>\$ 241,850,160</u>	<u>\$ 234,757,335</u>	<u>\$ 230,367,096</u>	<u>\$ 231,036,475</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.39%	11.40%	11.23%	10.92%	10.40%

Legal Debt Margin Calculation for Fiscal Year 2016

Year Ended December 31,	Denville Township	Rockaway Borough	Rockaway Township	Wharton Borough	Equalized Valuation Basis
2013	\$ 3,162,128,543	\$ 858,805,426	\$ 3,825,570,427	\$ 696,476,498	\$ 8,542,980,894
2014	3,235,990,965	841,727,470	3,833,484,211	669,610,331	8,580,812,977
2015	3,357,935,206	831,952,918	3,811,464,251	659,501,264	8,660,853,639
	<u>\$ 9,756,054,714</u>	<u>\$2,532,485,814</u>	<u>\$11,470,518,889</u>	<u>\$2,025,588,093</u>	<u>\$25,784,647,510</u>
	Average Equalized Valuation of Taxable Property				<u>\$ 8,594,882,503</u>
	Debt Limit ^a (3% of Average Equalization Value)				\$ 257,846,475
	Net Bonded School Debt at June 30, 2016				<u>26,810,000</u>
	Legal Debt Margin				<u>\$ 231,036,475</u>

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

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

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

DENVILLE TOWNSHIP

Fiscal Year	Population ^a	Morris County Per Capita Personal		Unemployment Rate ^d
		Income ^b	Personal Income ^c	
2006	16,211	\$ 68,495	\$ 1,110,372,445	3.00%
2007	16,212	72,211	1,170,684,732	2.70%
2008	16,259	74,636	1,213,506,724	3.60%
2009	16,309	70,516	1,150,045,444	6.30%
2010	16,690	72,780	1,214,698,200	6.30%
2011	16,759	76,194	1,276,935,246	6.10%
2012	16,822	78,693	1,323,773,646	6.40%
2013	16,858	79,094	1,333,366,652	7.40%
2014	16,834	82,810	1,394,023,540	4.90%
2015	16,818	82,810 *	1,392,698,580	4.10%

ROCKAWAY BOROUGH

Fiscal Year	Population ^a	Morris County Per Capita Personal		Unemployment Rate ^d
		Income ^b	Personal Income ^c	
2006	6,272	\$ 68,495	\$ 429,600,640	5.30%
2007	6,247	72,211	451,102,117	4.80%
2008	6,233	74,636	465,206,188	6.30%
2009	6,231	70,516	439,385,196	10.70%
2010	6,445	72,780	469,067,100	10.80%
2011	6,474	76,194	493,279,956	10.50%
2012	6,487	78,693	510,481,491	10.90%
2013	6,500	79,094	514,111,000	7.40%
2014	6,489	82,810	537,354,090	4.80%
2015	6,494	82,810 *	537,768,140	4.20%

* - Latest Morris County per capita personal income available (2014) was used for calculation purposes.

Source:

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

Exhibit J-14

2 of 2

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

ROCKAWAY TOWNSHIP

Fiscal Year	Population ^a	Morris County Per Capita Personal		Unemployment Rate ^d
		Income ^b	Personal Income ^c	
2006	25,320	\$ 68,495	\$ 1,734,293,400	2.50%
2007	25,267	72,211	1,824,555,337	2.30%
2008	25,312	74,636	1,889,186,432	2.90%
2009	25,438	70,516	1,793,786,008	7.10%
2010	24,176	72,780	1,759,529,280	7.00%
2011	24,398	76,194	1,858,981,212	7.40%
2012	24,458	78,693	1,924,673,394	7.40%
2013	24,601	79,094	1,945,791,494	6.10%
2014	24,582	82,810	2,035,635,420	5.00%
2015	24,679	82,810 *	2,043,667,990	4.20%

WHARTON BOROUGH

Fiscal Year	Population ^a	Morris County Per Capita Personal		Unemployment Rate ^d
		Income ^b	Personal Income ^c	
2006	6,080	\$ 68,495	\$ 416,449,600	7.50%
2007	6,066	72,211	438,031,926	6.80%
2008	6,056	74,636	451,995,616	8.90%
2009	6,064	70,516	427,609,024	14.80%
2010	6,542	72,780	476,126,760	14.90%
2011	6,574	76,194	500,899,356	14.50%
2012	6,587	78,693	518,350,791	15.00%
2013	6,603	79,094	522,257,682	8.40%
2014	6,603	82,810	546,794,430	6.00%
2015	6,613	82,810 *	547,622,530	5.00%

* - Latest Morris County per capita personal income available (2014) was used for calculation purposes.

Source:

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

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

Employer	2016		Employer	2007	
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment
U.S. Army Armament Research and Development	6,090	2.28%	Novartis	5,000	1.89%
Atlantic Health System	4,844	1.81%	Atlantic Health System	4,045	1.53%
Novartis	4,749	1.77%	Picatinny Arsenal	3,412	1.29%
Bayer Healthcare, LLC	2,665	1.00%	County of Morris	2,170	0.82%
Saint Clare's Health Services	1,756	0.66%	Lucent Technologies	1,983	0.75%
County of Morris	1,667	0.62%	United Parcel Service	1,941	0.73%
Accenture	1,621	0.61%	Wyndham Worldwide	1,371	0.52%
Wyndham Worldwide	1,546	0.58%	Greystone Psychiatric	1,296	0.49%
BASF Corporation	1,500	0.56%	Tiffany & Company	1,200	0.45%
Greystone Psychiatric	1,244	0.46%	Accenture	1,200	0.45%
			Honeywell	1,200	0.45%
	<u>27,682</u>	<u>10.34%</u>		<u>24,818</u>	<u>9.38%</u>
Total Employment *	<u>267,632</u>			<u>264,477</u>	

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

N/A - Not Available.

Source: Morris County Treasurer's Office.

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

<u>Function/Program</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>	<u>2016</u>
Instruction:										
Regular	213.0	214.0	215.0	219.0	221.0	225.0	238.0	239.0	240.0	247.0
Special Education	14.0	14.0	14.0	30.0	28.0	34.0	31.0	32.0	34.0	37.0
Other Special Instruction	7.0	7.0	7.0	7.0	10.0	11.0	14.0	14.0	14.0	14.0
Adult/Continuing Education Programs	6.0	6.0	6.0	6.0	2.0	2.0	2.0	2.0	2.0	2.0
Support Services:										
Student & Instruction Related Services	70.0	70.0	70.0	71.0	68.5	68.6	72.0	72.0	72.0	72.0
General Administration Services	10.0	10.0	10.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administration Services	24.0	24.0	24.0	24.0	23.0	24.0	22.0	22.0	22.0	22.0
Plant Operations and Maintenance	48.0	48.0	48.0	49.0	47.0	48.0	48.0	48.0	48.0	48.0
Pupil Transportation	47.0	47.0	47.0	45.0	53.0	50.0	59.5	59.5	59.5	59.5
Business and Other Support Services	9.0	9.0	9.0	11.0	11.0	11.0	9.5	9.5	9.5	7.5
Total	<u>448.0</u>	<u>449.0</u>	<u>450.0</u>	<u>464.0</u>	<u>465.5</u>	<u>475.6</u>	<u>498.0</u>	<u>500.0</u>	<u>503.0</u>	<u>511.0</u>

Source: Morris Hills Regional School District Personnel Records.

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

Fiscal Year	October 15 Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percent Change	Teaching Staff ^b	Pupil/Teacher Ratio		June 30		% Change in Average Daily Enrollment	Student Attendance Percentage
						Morris Hills High School	Morris Knolls High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c		
2007	2,715	\$ 52,744,240	\$ 19,427	16.10%	234	11.1:1	12.0:1	2,716.0	2,626.7	0.89%	96.71%
2008	2,692	55,552,816	20,636	6.22%	235	11.1:1	12.0:1	2,685.2	2,587.4	-1.13%	96.36%
2009	2,745	56,252,333	20,493	-0.70%	236	11.1:1	12.0:1	2,725.6	2,623.5	1.50%	96.25%
2010	2,799	59,280,997	21,179	3.35%	238	11.1:1	12.0:1	2,862.0	2,759.0	5.00%	96.40%
2011	2,769	57,062,886	20,608	-2.70%	249	11.1:1	12.0:1	2,779.0	2,675.8	-2.90%	96.29%
2012	2,835	58,932,625	20,788	0.87%	249	11.1:1	12.0:1	2,734.5	2,642.2	-1.60%	96.62%
2013	2,878	61,765,258	21,461	3.24%	251	11.2:1	12.2:1	2,711.7	2,613.1	-0.83%	96.36%
2014	2,890	64,012,402	22,150	3.21%	261	10.5:1	10.9:1	2,738.0	2,616.2	0.97%	95.55%
2015	2,856	65,086,557	22,789	2.89%	264	10.5:1	10.9:1	2,777.0	2,645.7	1.42%	95.27%
2016	2,853	67,150,472	23,537	3.28%	275	10.1:1	10.5:1	2,726.0	2,596.0	-1.84%	95.23%

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

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

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

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

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

Source: Morris Hills Regional School District records.

Exhibit J-18

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>District Building</u>					
Morris Hills High School (1953):					
Square Feet	229,760	229,760	229,760	229,760	229,760
Capacity (Students)	1,398	1,398	1,398	1,398	1,398
Enrollment	1,222	1,105	1,125	1,117	1,100
Morris Knolls High School (1964):					
Square Feet	263,065	263,065	263,065	263,065	263,065
Capacity (Students)	1,652	1,652	1,652	1,652	1,652
Enrollment	1,493	1,587	1,620	1,682	1,669
Enrollment - Adult High School	197	196	137	135	129
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>District Building</u>					
Morris Hills High School (1953):					
Square Feet	229,760	229,760	229,760	229,760	229,760
Capacity (Students)	1,398	1,398	1,398	1,398	1,398
Enrollment	1,119	1,123	1,118	1,112	1,111
Morris Knolls High School (1964):					
Square Feet	263,065	263,065	263,065	263,065	263,065
Capacity (Students)	1,652	1,652	1,652	1,652	1,652
Enrollment	1,716	1,755	1,724	1,744	1,742
Enrollment - Adult High School	129	136	130	96	53

Number of Schools at June 30, 2016:

High School = 2

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

Source: Morris Hills Regional School District Facilities Office.

Exhibit J-19

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

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

<u>School Facilities*</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Morris Hills	\$ 1,392,562	\$ 653,941	\$ 412,013	\$ 471,540	\$ 546,707
Morris Knolls	866,415	726,569	1,188,735	420,671	521,889
Grand Total	<u>\$ 2,258,977</u>	<u>\$ 1,380,510</u>	<u>\$ 1,600,748</u>	<u>\$ 892,211</u>	<u>\$ 1,068,596</u>

<u>School Facilities*</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Morris Hills	\$ 519,004	\$ 541,119	\$ 501,878	\$ 436,678	\$ 559,387
Morris Knolls	556,743	675,161	632,578	460,568	412,528
Grand Total	<u>\$ 1,075,747</u>	<u>\$ 1,216,280</u>	<u>\$ 1,134,456</u>	<u>\$ 897,246</u>	<u>\$ 971,915</u>

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

Source: Morris Hills Regional School District records.

Exhibit J-20
1 of 2

MORRIS HILLS REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -		
NJ Schools Insurance Group:		
Property Section:		
Blanket Building and Contents	\$ 400,000,000	\$ 5,000
Accounts Receivable	250,000	5,000
Automobile Physical Damage	In Blanket Limit	5,000
Electronic Data Processing Equipment	100,000	1,000
Liability Section:		
Comprehensive General Liability	6,000,000	
Automobile Liability	6,000,000	
Employee Benefit Liability	6,000,000	1,000
Crime Section:		
Blanket Employee Dishonesty	50,000	500
Forgery	50,000	500
Theft/Disappearance/Destruction:		
Inside	5,000	500
Outside	5,000	500
Computer Fraud	250,000	1,000
School Board Legal Liability:		
School Leaders Errors and Omissions:		
Coverage A	6,000,000	5,000
Coverage B	100,000/300,000	5,000
Environmental Impairment Liability -		
NJ Schools Insurance Group:		
Limit of Liability:		
Each Incident	1,000,000	10,000
Fund Annual Aggregate	25,000,000	
Workers Compensation Policy -		
NJ Schools Insurance Group:		
Statutory Benefits	Included	
Employer's Liability	5,000,000	
Supplemental Coverage (Optional)	Included	

Source: Morris Hills Regional School District records.

Exhibit J-20
2 of 2

MORRIS HILLS REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Public Employees' Faithful Performance Blanket Position Bond - NJ Schools Insurance Group:		
Board Secretary/Business Administrator	\$ 350,000	\$ 1,000
Treasurer	400,000	1,000
Student Accident - Monarch/Axis:		
Basic/Compulsory - All Students, Including Sports	25,000	
Catastrophic	5,000,000	25,000

Source: Morris Hills Regional School District records.

SINGLE AUDIT SECTION



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

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

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Morris Hills Regional School District, in the County of Morris (the "Board") as of, and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 16, 2016.

Internal Control Over Financial Reporting

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

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

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

The Honorable President and Members
of the Board of Education
Morris Hills Regional School District
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Compliance and Other Matters

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

Purpose of this Report

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

Nisivoccia, LLP

Mount Arlington, New Jersey
September 16, 2016

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant



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

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

Report on Compliance For Each Major Federal and State Program:
 Report on Internal Control Over Compliance

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Morris Hills Regional School District (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2016. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

The Honorable President and Members
of the Board of Education
Morris Hills Regional School District
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Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Nisivoccia, LLP

NISIVOCCIA, LLP

Mount Arlington, New Jersey
September 16, 2016

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period From To		Program/ Award Amount	June 30, 2015		June 30, 2016				
						Budgetary Unearned Revenue/ (Accounts Receivable)	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Budgetary		
										(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Education - Passed-through State Department of Education:												
Special Revenue Fund:												
Special Education Cluster:												
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-3370-16	7/1/15	6/30/16	\$ 687,885			\$ 247,792	\$ (616,895)	\$ (369,103)		
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-3370-15	7/1/14	6/30/15	602,694	\$ (328,500)		328,500				
Total Special Education Cluster						(328,500)		576,292	(616,895)	(369,103)		
No Child Left Behind Consolidated Formula Subgrant:												
Title I - Part A	84.010	NCLB-3370-16	7/1/15	6/30/16	78,531			33,644	(78,531)	(44,887)		
Title I - Part A	84.010	NCLB-3370-15	7/1/14	6/30/15	90,169	(62,741)		62,741				
Title II - Part A	84.367A	NCLB-3370-16	7/1/15	6/30/16	31,511			31,511	(31,511)			
Title II - Part A	84.367A	NCLB-3370-15	7/1/14	6/30/15	32,417	(550)		550				
Title III	84.365A	NCLB-3370-16	7/1/15	6/30/16	11,219			8,142	(11,219)	(3,077)		
Title III - Immigrant	84.365A	NCLB-3370-16	7/1/15	6/30/16	1,051				(1,051)	(1,051)		
Total No Child Left Behind Consolidated						(63,291)		136,588	(122,312)	(49,015)		
Total U.S. Department of Education						(391,791)		712,880	(739,207)	(418,118)		
U.S. Department of Agriculture - Passed- through State Department of Agriculture:												
Child Nutrition Cluster:												
School Breakfast Program	10.553	N/A	7/1/15	6/30/16	45,488			36,448	(45,488)	(9,040)		
School Breakfast Program	10.553	N/A	7/1/14	6/30/15	33,540	(3,164)		3,164				
Federal Food Distribution Program	10.555	N/A	7/1/15	6/30/16	37,875			37,875	(37,875)			
National School Lunch Program	10.555	N/A	7/1/15	6/30/16	196,377			163,504	(196,377)	(32,873)		
National School Lunch Program	10.555	N/A	7/1/14	6/30/15	177,471	(10,513)		10,513				
Total Child Nutrition Cluster						(13,677)		251,504	(279,740)	(41,913)		
Total U.S. Department of Agriculture						(13,677)		251,504	(279,740)	(41,913)		

N/A - Not Available

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program/ Award Amount	June 30, 2015			June 30, 2016			
			From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Budgetary (Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Health and Human Services - Passed-through State Department of Human Services: Medical Assistance Program - (SEMI)	93.778	N/A	7/1/15	6/30/16	\$ 1,473			\$ 1,473	\$ (1,473)			
Total U.S. Department of Health and Human Services								1,473	(1,473)			
Total Federal Awards						\$ (405,468)	\$ -0-	\$ 965,857	\$ (1,020,420)	\$ (460,031)	\$ -0-	\$ -0-

N/A - Not Available

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	June 30, 2015		Cash Received	Budgetary Expenditures	Repayment of Balances	June 30, 2016		MEMO	
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
State Department of Education:													
General Fund:													
Equalization Aid	16-495-034-5120-078	7/1/15	6/30/16	\$3,682,325			\$ 3,332,244	\$ (3,682,325)				\$ (350,081)	\$ 3,682,325
Equalization Aid	15-495-034-5120-078	7/1/14	6/30/15	3,682,325	\$ (349,774)		349,774						
Transportation Aid	16-495-034-5120-014	7/1/15	6/30/16	278,987			252,464	(278,987)				(26,523)	278,987
Transportation Aid	15-495-034-5120-014	7/1/14	6/30/15	278,987	(26,500)		26,500						
Special Education Categorical Aid	16-495-034-5120-089	7/1/15	6/30/16	1,787,677			1,617,722	(1,787,677)				(169,955)	1,787,677
Special Education Categorical Aid	15-495-034-5120-089	7/1/14	6/30/15	1,787,677	(169,806)		169,806						
School Choice Aid	16-495-034-5120-068	7/1/15	6/30/16	1,765,632			1,597,772	(1,765,632)				(167,860)	1,765,632
School Choice Aid	15-495-034-5120-068	7/1/14	6/30/15	1,503,546	(142,818)		142,818						
Security Aid	16-495-034-5120-084	7/1/15	6/30/16	49,538			44,828	(49,538)				(4,710)	49,538
Security Aid	15-495-034-5120-084	7/1/14	6/30/15	49,538	(4,705)		4,705						
Adult Education Aid	16-495-034-5120-077	7/1/15	6/30/16	43,694			39,540	(43,694)				(4,154)	43,694
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15	6/30/16	28,990			26,234	(28,990)				(2,756)	28,990
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14	6/30/15	28,990	(2,754)		2,754						
PARCC Readiness Aid	16-495-034-5120-098	7/1/15	6/30/16	28,990			26,234	(28,990)				(2,756)	28,990
PARCC Readiness Aid	15-495-034-5120-098	7/1/14	6/30/15	28,990	(2,754)		2,754						
Extraordinary Special Education Costs	16-495-034-5120-044	7/1/15	6/30/16	599,121				(599,121)		\$ (599,121)		(599,121)	599,121
Extraordinary Special Education Costs	15-495-034-5120-044	7/1/14	6/30/15	594,350	(594,350)		594,350						
Nonpublic School Transportation Costs	16-495-034-5120-014	7/1/15	6/30/16	22,351				(22,351)		(22,351)		(22,351)	22,351
Nonpublic School Transportation Costs	15-495-034-5120-014	7/1/14	6/30/15	23,033	(23,033)		23,033						
Reimbursed TPAF Social Security Aid	16-495-034-5094-003	7/1/15	6/30/16	1,939,852			1,844,108	(1,939,852)		(95,744)		(95,744)	1,939,852
Total General Fund State Aid					(1,316,494)		10,097,640	(10,227,157)		(717,216)		(1,446,011)	10,227,157
Special Revenue Fund:													
NJ Nonpublic Aid:													
Textbook Aid (Chapter 194)	16-100-034-5120-064	7/1/15	6/30/16	21,298			21,298	(21,298)					21,298
Nursing Services (Chapter 226)	16-100-034-5120-070	7/1/15	6/30/16	35,820			35,820	(35,820)					35,820
Technology Initiative	16-100-034-5120-373	7/1/15	6/30/16	9,698			9,698	(9,698)					9,698
Security Aid	16-100-034-5120-509	7/1/15	6/30/16	9,950			9,950	(9,950)					9,950
Auxiliary Services (Chapter 192):													
Compensatory Education	16-100-034-5120-067	7/1/15	6/30/16	49,069			49,069	(49,069)					49,069
Compensatory Education	15-100-034-5120-067	7/1/14	6/30/15	43,894		806			\$ (806)				
Home Instruction	16-100-034-5120-067	7/1/15	6/30/16	5,689				(5,689)		(5,689)		(5,689)	5,689
Home Instruction	15-100-034-5120-067	7/1/14	6/30/15	5,469	(5,469)		5,469						
Handicapped Services (Chapter 193):													
Examination & Classification	16-100-034-5120-066	7/1/15	6/30/16	40,576			40,576	(40,310)			\$ 266		40,310
Examination & Classification	15-100-034-5120-066	7/1/14	6/30/15	44,316		2,527			(2,527)				
Supplementary Instruction	16-100-034-5120-066	7/1/15	6/30/16	36,758			36,758	(36,758)					36,758
Supplementary Instruction	15-100-034-5120-066	7/1/14	6/30/15	35,312		7,063			(7,063)				
Total Special Revenue Fund					(5,469)	10,396	208,638	(208,592)	(10,396)	(5,689)	266	(5,689)	208,592

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	June 30, 2015			Repayment of Balances	June 30, 2016		MEMO		
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received		Budgetary Expenditures	GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
State Department of Education:													
Enterprise Fund:													
State School Lunch Program	16-100-010-3350-023	7/1/15	6/30/16	\$ 7,831				\$ 6,518	\$ (7,831)		\$ (1,313)	\$ (1,313)	\$ 7,831
State School Lunch Program	15-100-010-3350-023	7/1/14	6/30/15	7,086	\$ (423)			423					
State School Lunch Program - Supplemental	15-100-010-3350-023	7/1/14	6/30/15	213	(213)			213					
Total Enterprise Fund					(636)			7,154	(7,831)		(1,313)	(1,313)	7,831
Schools Development Authority:													
Capital Projects Fund:													
Educational Facilities Construction and Financing Act:													
Morris Hills High School -													
HVAC	SP-3370-050-14-1002	7/30/15	6/30/17	405,805								(405,805)	
Partial Roof Replacement	SP-3370-060-14-1005	7/30/15	6/30/17	618,239								(618,239)	
Electrical Service Replacement	SP-3370-050-14-1001	7/30/14	6/30/17	134,640	(134,640)							(134,640)	
Window Replacement	SP-3370-050-14-1003	7/30/14	6/30/17	113,208	(113,208)			11,321				(101,887)	11,321
Piping Replacement	SP-3370-050-14-1004	7/30/14	6/30/17	252,700	(252,700)							(252,700)	
Morris Knolls High School -													
Partial Roof Replacement	SP-3370-060-14-1006	7/30/15	6/30/17	438,722								(438,722)	
Partial Window Replacement	SP-3370-060-14-1008	7/30/15	6/30/17	1,056,215								(1,056,215)	
Electrical Service Replacement	SP-3370-060-14-1007	7/30/14	6/30/17	134,640	(134,640)							(134,640)	
Total Capital Projects Fund					(635,188)			11,321				(3,142,848)	11,321
Total State Awards					\$ (1,957,787)	\$ 10,396	\$ 10,324,753	\$ (10,443,580)	\$ (10,396)	\$ (724,218)	\$ 266	\$ (4,595,861)	\$ 10,454,901

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include federal and state awards activity of the Board of Education, Morris Hills Regional School District under programs of the federal and state governments for the fiscal year ended June 30, 2016. The information in these schedules are presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to P.L. 2003, C.97 (A3521). For GAAP purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Grant revenue in the capital projects fund is recognized on the budgetary basis in the fiscal year of award but is not recognized on the GAAP basis until expended and submitted for reimbursement.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

The net adjustment to reconcile revenue from the budgetary basis to the GAAP basis is \$(29,684) for the general fund, \$-0- for the special revenue fund and \$(2,518,981) for the capital projects fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Post-Retirement Medical Benefit and Pension Contributions revenue of \$2,515,998 and \$2,112,999, respectively.

Awards and financial assistance revenue are reported on the Board's financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ 1,473	\$ 14,826,470	\$ 14,827,943
Special Revenue Fund	739,207	208,592	947,799
Food Service Enterprise Fund	279,740	7,831	287,571
Total Financial Assistance	\$ 1,020,420	\$ 15,042,893	\$ 16,063,313

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2016. Revenue and expenditures reported under the Federal Food Distribution Program represent current fiscal year value received and current fiscal year distributions, respectively.

NOTE 7. NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY (NJSDA) GRANTS

The District has active grants awarded in the amount of \$3,154,169 from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2016, \$11,321 has been expended, submitted for reimbursement and received on a GAAP basis. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported under the NJSDA on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Summary of Auditors' Results:

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

	<u>CFDA # or State Grant/Project #</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. - Part B,				
Basic Regular	84.027	7/1/15-6/30/16	\$ 687,885	\$ 616,895
<u>State:</u>				
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	3,682,325	3,682,325
Special Education				
Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	1,787,677	1,787,677
School Choice Aid	16-495-034-5120-068	7/1/15-6/30/16	1,765,632	1,765,632
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	49,538	49,538
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	28,990	28,990
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	28,990	28,990

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Status of Prior Fiscal Year Findings:

The District had no prior fiscal year audit findings.