

**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, 2018**

**Comprehensive Annual  
Financial Report**

**of the**

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

**Rockaway, New Jersey**

**For the Fiscal Year Ended June 30, 2018**

**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  
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BUSINESS ADMINISTRATOR  
& BOARD SECRETARY  
Joann Gilman Auricchio 973.664.2281

SUPERVISOR OF  
HUMAN RESOURCES  
Peter Lazzaro 973.664.2297

## Letter of Transmittal For the Fiscal Year Ended June 30, 2018

January 18, 2019

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, 2018, 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.

# MORRIS HILLS REGIONAL DISTRICT

## *Letter of Transmittal*

### *For the Fiscal Year Ended June 30, 2018*

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 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.

The District's accounting records include an expanded minimum chart of accounts using dimensions to define area and location. Board approval for budgetary transfers is required at the state minimum level, which is the dimension object within program. Additional approval from the New Jersey State Department of Education is required in the case of General Fund transfers from instructional to non-instructional accounts, any transfer to capital outlay from current expense except for equipment, transfers from unassigned

# MORRIS HILLS REGIONAL DISTRICT

## *Letter of Transmittal*

### *For the Fiscal Year Ended June 30, 2018*

fund balance, and all transfers that on a cumulative basis exceeds 10% of the advertised appropriation as established by the New Jersey Department of Education, Division of Finance.

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 appropriated are reported as fund balance restrictions, commitments and assignments on June 30, 2018.

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 because of the enhanced opportunities available to students. In 2017 – 2018, application for the school choice program continue to exceed available seats. Some of the unique offerings include:

- AP Program: The District 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 2017, we were 1 of only 447 schools in the US and Canada to be recognized by the College Board for excellence in access and equity. In other words, we have open enrollment for our Advanced Placement courses and high scores even though we have no minimum grade prerequisite to enter the course. This past year, 81.5% of the students taking 1586 AP exams scored 3 or higher, scores high enough to earn college credit. 31% 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 outperform 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 ninth 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). The Magnet Program utilizes the College Board's AP Capstone Program, combined with our specialized Magnet coursework. We offer a 3-year sequence in Research Methods which 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 (NCSS), which requires that programs be aligned to the consortium's STEM standards.
- AVID Program: The District is in our seventh 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 underrepresented 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.

# MORRIS HILLS REGIONAL DISTRICT

## *Letter of Transmittal*

### *For the Fiscal Year Ended June 30, 2018*

- 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.
- Aviation and Aerospace Program: In the 2017-18 school year, the District partnered with the Aircraft Owners and Pilots Association (AOPA) and will be offering in 2018-19 two career pathways (Pilot and Unmanned Aircraft Systems) in the aviation/aerospace industry
- 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 30 students participated in 2017-18. 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 2017-18 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 2017 was 2,876 students compared to 2,869 students the prior year. Enrollment has been relatively stable with minor fluctuations for the past several years; however, three new residential developments began construction in the spring of 2016 in Rockaway Township and two new developments were approved in the Borough of Wharton. The District’s demographer forecasted an increase of 433 K-12 students when construction is completed. The 9-12 District anticipates 106 of these students. Adult School enrollment was 51 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 2017-18 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. In the 2017-18 school year, the District saw slight growth in special education aid and discussions continue at the state legislative level regarding a change to the school funding formula.

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. 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.

# MORRIS HILLS REGIONAL DISTRICT

## *Letter of Transmittal*

### *For the Fiscal Year Ended June 30, 2018*

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 2018. These grants are discussed in the Management's Discussion and Analysis section of this report. The District has continued to upgrade kitchens and cafeterias in both school buildings each year with the addition of new serving or preparation equipment without using general or capital reserve funds. Sales continue to increase because of menu planning and those funds are reinvested into the kitchens and cafeterias.

In 2013, the District installed artificial turf on one athletic field at each school. Annual deposits into the District's Capital Reserve have funded additional improvements to athletic fields and their surroundings such as concession stand improvements and resurfacing of tennis courts.

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.



# MORRIS HILLS REGIONAL DISTRICT

## *Letter of Transmittal*

*For the Fiscal Year Ended June 30, 2018*

### Fiscal Responsibility and Infrastructure

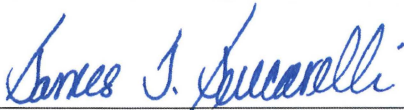
Morris Hills Regional District will appropriately and responsibly allocate fiscal resources to provide all students with an effective learning environment. The District will seek alternative funding, share resources and services, and pursue viable opportunities to reduce the tax burden on the District's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

The population in Denville Township, Rockaway Township, Rockaway Borough, and Wharton Borough has declined by approximately 2% or 1,080 since last year. The total population of these four communities is approximately 52,720 with Rockaway Township representing approximately 44% of the population. Wharton and Rockaway Borough are very similar in population and size, each representing approximately 12% of the population. Denville represents 32% of the serviced population. However, Rockaway Township and Wharton were approved for five new residential developments. Three in Rockaway Township have begun construction. Wharton Borough has approved two and construction has begun. These five developments are projected to produce 1,608 residential units.

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, 2014, 2015, 2016 and 2017. 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, 2018.

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,

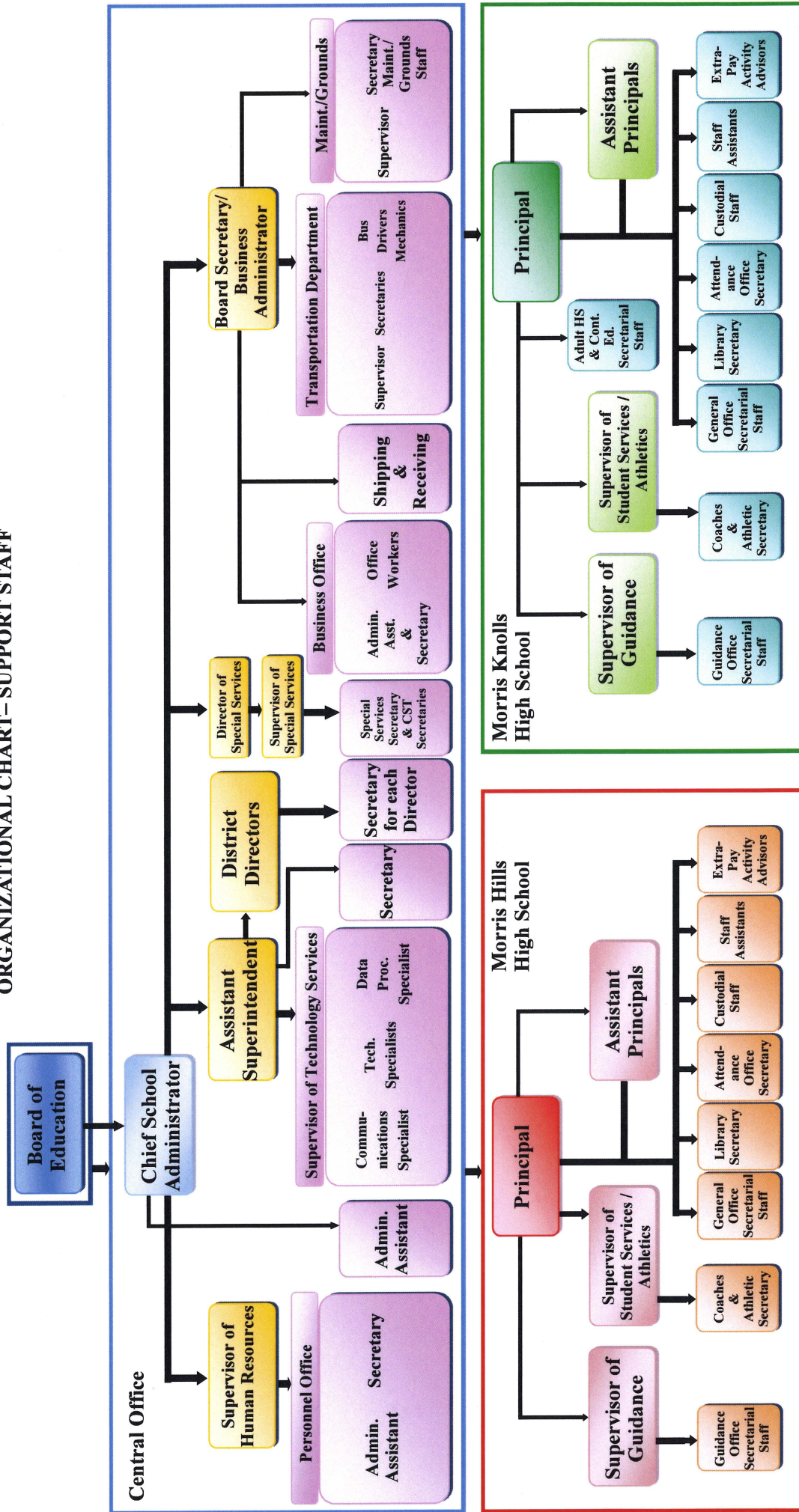


James J. Jencarelli  
Superintendent



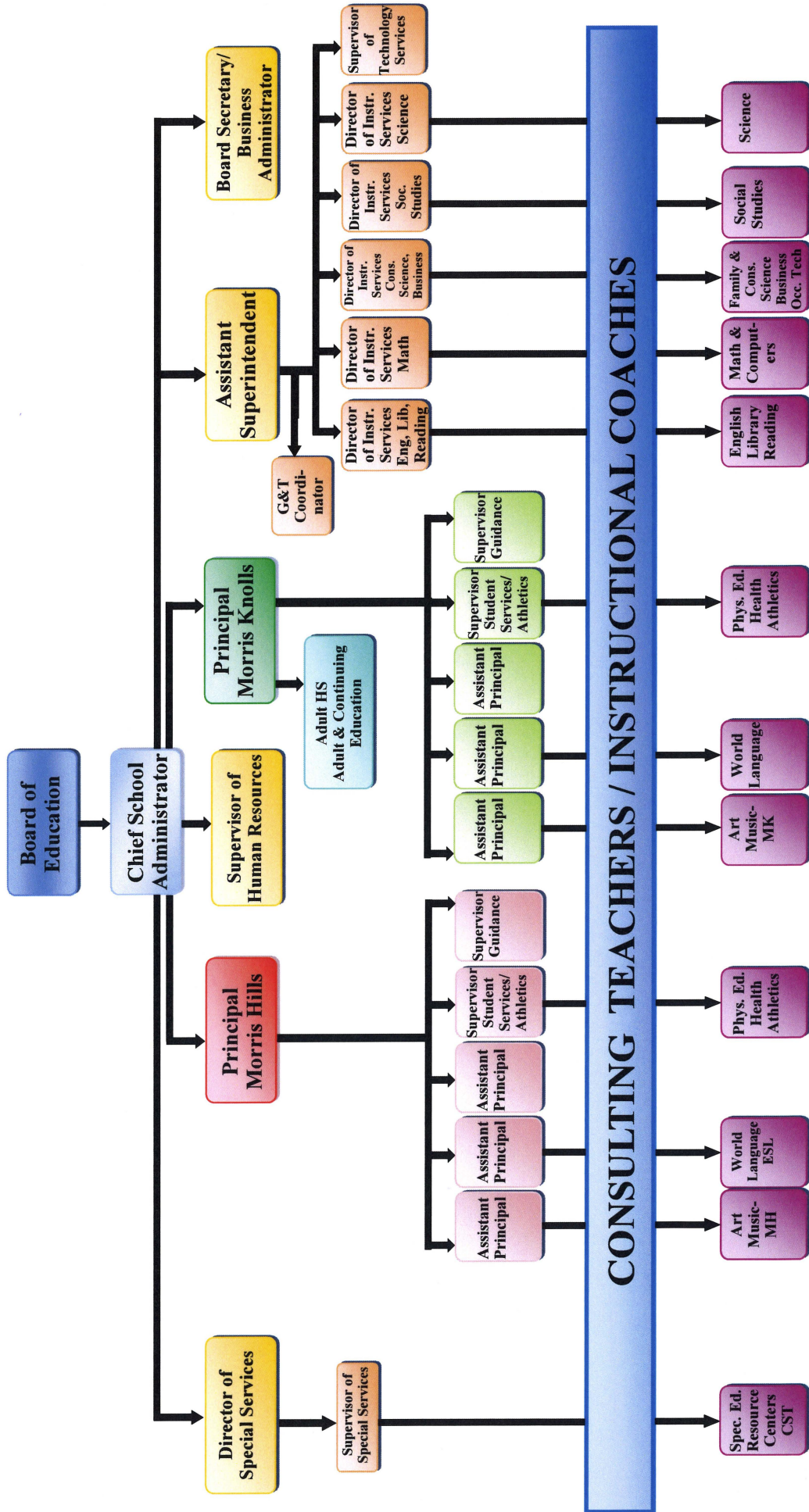
JoAnn Gilman Auricchio  
Board Secretary/Business Administrator

**MORRIS HILLS REGIONAL DISTRICT  
ORGANIZATIONAL CHART—SUPPORT STAFF**





MORRIS HILLS REGIONAL DISTRICT  
ORGANIZATIONAL CHART - CERTIFIED STAFF



**MORRIS HILLS REGIONAL DISTRICT**  
**ROSTER OF OFFICIALS**  
**June 30, 2018**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Robert Crocetti, President	2020
Barbara C. Guerra, Vice President	2019
Michael Bertram	2018
Doug Brookes Jr.	2020
Mark DiGennaro	2018
Rob Izsa	2019
Steven Kovacs	2020
William Serafin	2018
Michael Wieczerszak	2019

<b><u>Other Officials</u></b>	<b><u>Title</u></b>
James J. Jencarelli	Superintendent
Dr. Nisha Zoeller	Assistant Superintendent of Schools
Joann Gilman Auricchio	Board Secretary/School Business Administrator
Peter Lazzaro	Supervisor of Human Resources

MORRIS HILLS REGIONAL DISTRICT BOARD OF EDUCATION  
Consultants and Advisors

**Attorney**

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

**Audit Firm**

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

**Official Depositories**

PNC Bank  
55 West Main Street  
Rockaway, New Jersey 07866



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**Morris Hills Regional District**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2017.**

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



*Charles E. Peterson, Jr.*

Charles E. Peterson, Jr., SFO, RSBA, MBA  
President

*John D. Musso*

John D. Musso, CAE  
Executive Director

**FINANCIAL SECTION**

## 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, 2018, 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.



***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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 10 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the fiscal year ended June 30, 2018. Our opinions are not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and postemployment benefit schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, 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 Honorable President and Members  
of the Board of Education  
Morris Hills Regional School District  
Page 3

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

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

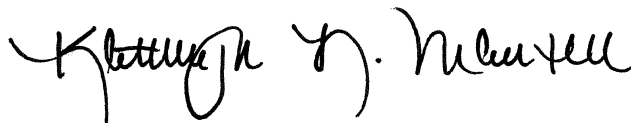
**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2019 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

Mount Arlington, New Jersey  
January 18, 2019



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

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Morris Hills Regional School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

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, 2018. 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.

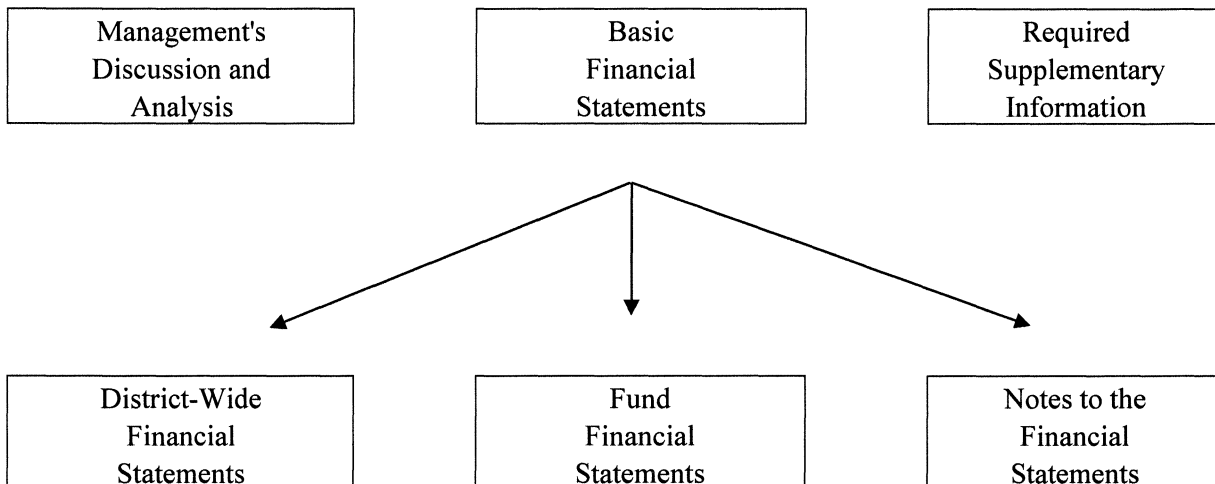
**Overview of the Financial Statements**

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.

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



**Morris Hills Regional School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

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

**Figure A-2**

*Major Features of the District-Wide and Fund Financial Statements*

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, academy for technology, adult continuing education, and shared services (technology, special education, custodial, and transportation)	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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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 and liabilities that come due during the fiscal year or soon thereafter; capital assets or long-term	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 year-end; expenditures when goods or services have been received and the related liability is due	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, 2018**

### **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, 2018**

**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 \$(1,235,314) on June 30, 2018, \$1,076,038 or 46.55% more than the prior year (See Figure A-3). Net investment in capital assets increased by \$2,499,346 due to capital additions of \$4,550,308 and \$83,468 related to governmental and business-type activities, respectively, and the retirement of \$1,500,000 of bonded debt and \$451,591 of capital leases, offset by \$3,897,499 and \$41,367 of depreciation related to governmental and business-type capital assets, respectively, and deferred amount on refunding of \$147,155. Restricted net position increased by \$1,620,371 due to a significant net increase in the capital reserve of \$1,699,528 due to withdrawals by budget and Board resolution totaling \$2,238,791, offset by deposits by Board resolution, interest earnings and unexpended withdrawals returned totaling \$3,938,319. In addition, there was a net decrease in the maintenance reserve of \$74,990 due to withdrawals by budget and Board resolution totaling \$175,000, offset by deposits by Board resolution, interest earnings and unexpended withdrawals returned totaling \$100,010. Lastly, there was a net decrease of \$4,167 in the debt service fund balance. Unrestricted net position decreased by \$3,043,679 due to a decrease in unassigned fund balance of \$190,176, a net decrease of \$2,350,554 in the capital projects fund, a net decrease in deferred outflows related to pensions of \$3,190,217, a net increase in deferred inflows related to pensions of \$5,513,159, offset by a decrease in net pension liability of \$7,837,335, and an increase in the operations of the business-type activities of \$12,059, a \$42,451 net decrease in compensated absences, a decrease in accrued interest of \$22,305, and \$285,733 of bond premiums amortized.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	Change
Current and Other Assets	\$ 8,576,258	\$ 7,963,872	\$ 346,604	\$ 326,082	\$ 8,922,862	\$ 8,289,954	7.63%
Capital Assets, Net	44,626,483	43,973,674	710,215	668,114	45,336,698	44,641,788	1.56%
Total Assets	53,202,741	51,937,546	1,056,819	994,196	54,259,560	52,931,742	2.51%
Deferred Outflows of Resources	9,146,727	12,435,683			9,146,727	12,435,683	-26.45%
Other Liabilities	3,988,538	2,430,226	85,647	77,184	4,074,185	2,507,410	62.49%
Long-Term Liabilities	54,948,764	65,065,874			54,948,764	65,065,874	-15.55%
Total Liabilities	58,937,302	67,496,100	85,647	77,184	59,022,949	67,573,284	-12.65%
Deferred Inflows of Resources	5,618,652	105,493			5,618,652	105,493	5226.09%
Net Position:							
Net Investment in Capital Assets	21,131,316	18,674,071	710,215	668,114	21,841,531	19,342,185	12.92%
Restricted	4,198,009	2,577,638			4,198,009	2,577,638	62.86%
Unrestricted (Deficit)	(27,535,811)	(24,480,073)	260,957	248,898	(27,274,854)	(24,231,175)	-12.56%
Total Net Position (Deficit)	\$ (2,206,486)	\$ (3,228,364)	\$ 971,172	\$ 917,012	\$ (1,235,314)	\$ (2,311,352)	46.55%

**Morris Hills Regional School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

**Financial Analysis of the District as a Whole**

*Changes in Net Position.* The District's combined net position increased by \$1,076,038, or 46.55%. Net position from governmental activities increased \$1,021,878 and net position from business-type activities increased by \$54,160 (See Figure A-4).

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	Change 2017/18
Revenue:							
Program Revenue:							
Charges for Services			\$3,601,923	\$3,595,590	\$ 3,601,923	\$ 3,595,590	0.18%
Grants and Contributions:							
Operating	\$25,856,392	\$23,883,730	338,150	301,752	26,194,542	24,185,482	8.31%
Capital	1,257,269				1,257,269		100.00%
General Revenue:							
Property Taxes	59,489,549	58,025,764			59,489,549	58,025,764	2.52%
Unrestricted Federal and State Aid	5,625,623	5,556,684			5,625,623	5,556,684	1.24%
Other	831,527	635,921			831,527	635,921	30.76%
Total Revenue	93,060,360	88,102,099	3,940,073	3,897,342	97,000,433	91,999,441	5.44%
Expenses:							
Instruction	50,133,500	49,082,468			50,133,500	49,082,468	2.14%
Pupil and Instruction Services	18,411,043	17,983,946			18,411,043	17,983,946	2.37%
Administration and Business	7,778,051	8,118,908			7,778,051	8,118,908	-4.20%
Maintenance and Operations	5,763,813	5,627,322			5,763,813	5,627,322	2.43%
Transportation	5,789,216	5,327,176			5,789,216	5,327,176	8.67%
Other	4,178,956	4,471,860	3,869,816	3,849,555	8,048,772	8,321,415	-3.28%
Total Expenses	92,054,579	90,611,680	3,869,816	3,849,555	95,924,395	94,461,235	1.55%
Transfers	16,097		(16,097)		-0-	-0-	0.00%
Increase/(Decrease) in Net Position	1,021,878	(2,509,581)	54,160	47,787	1,076,038	(2,461,794)	143.71%
Beginning Net Position (Deficit)	(3,228,364)	(718,783)	917,012	869,225	(2,311,352)	150,442	-1636.37%
Ending Net Position (Deficit)	\$ (2,206,486)	\$ (3,228,364)	\$ 971,172	\$ 917,012	\$ (1,235,314)	\$ (2,311,352)	46.55%

*Revenue Sources.* The District's total revenue for the 2017/2018 school year was \$97,000,433 (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$59,489,549 of the total, or 63.07 percent (See Figure A-5). The remaining 36.93 percent of revenue is comprised of 32.33 percent from state formula aid and federal and state categorical grants, 3.91 percent from charges for services and .69 percent from other miscellaneous sources. The \$20,341,789 of federal and state categorical grants revenue includes \$20,117,805 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 \$1,894,661 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, 2018**

**Figure A-5  
Sources of Revenue for Fiscal Year 2018 and 2017**

Sources of Income:	2017/18		2016/17	
	Amount	Percentage	Amount	Percentage
State Formula Aid	\$ 7,778,450	8.02%	\$ 7,678,703	8.35%
Property Taxes	59,489,549	61.33%	58,025,764	63.07%
Federal and State Categorical Grants	25,291,516	26.07%	22,061,094	23.98%
Charges for Services	3,601,923	3.71%	3,595,590	3.91%
Other	838,995	0.86%	638,290	0.69%
	<u>\$ 97,000,433</u>	<u>100.00%</u>	<u>\$ 91,999,441</u>	<u>100.00%</u>

The total cost of all programs and services was \$95,924,395. The District's expenses are predominantly related to instructing, caring for (pupil and instruction services) and transporting students (77.49 percent) (See Figure A-6). The District's administrative and business costs accounted for 8.59 percent of total costs and maintenance and operations costs accounted for 5.96 percent of total costs. It is important to note that other expenses included \$612,908 for special schools, \$2,596,576 of unallocated depreciation, \$969,472 of interest on long-term debt and \$3,869,816 for business-type activities expenses and represented 8.81 percent of total costs.

**Figure A-6  
Expenses for Fiscal Year 2018 and 2017**

Expense Category:	2017/18		2016/17	
	Amount	Percentage	Amount	Percentage
Instruction	\$ 50,133,500	52.26%	\$ 49,082,468	51.96%
Pupil and Instruction Services	18,411,043	19.19%	17,983,946	19.04%
Administration and Business	7,778,051	8.11%	8,118,908	8.59%
Maintenance and Operations	5,763,813	6.01%	5,627,322	5.96%
Transportation	5,789,216	6.04%	5,327,176	5.64%
Other	8,048,772	8.39%	8,321,415	8.81%
	<u>\$ 95,924,395</u>	<u>100.00%</u>	<u>\$ 94,461,235</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, 2018**

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

	Total Cost of Services		Net Cost of Services	
	2017/2018	2016/2017	2017/2018	2016/2017
Instruction	\$ 50,133,500	\$ 49,082,468	\$ 30,220,044	\$ 30,606,465
Pupil and Instruction Services	18,411,043	17,983,946	14,306,405	14,293,121
Administration and Business	7,778,051	8,118,908	6,526,918	6,933,888
Maintenance and Operations	5,763,813	5,627,322	4,506,544	5,627,322
Transportation	5,789,216	5,327,176	5,439,210	4,990,107
Other	4,178,956	4,471,860	3,941,797	4,277,047
	<u>\$ 92,054,579</u>	<u>\$ 90,611,680</u>	<u>\$ 64,940,918</u>	<u>\$ 66,727,950</u>

- The cost of all governmental activities this fiscal year was \$92,054,579.
- The federal and state governments subsidized certain programs with grants and contributions (\$24,953,366).
- Most of the District's costs, however, were financed by District taxpayers (\$59,489,549).
- A portion of governmental activities was financed with state aid based on the SFRA formula (\$7,778,450).
- The remainder of funding came from tuition, investment earnings and miscellaneous revenue (\$838,995).

**Business-Type Activities**

The net position of the District's business-type activities increased by \$54,160, which was comprised of a \$89,829 increase in net position for the food service fund, offset by decreases in the net position of the academy for technology and adult continuing education programs of \$19,572 and \$16,097, respectively. (Refer to Figure A-4). The increase in the food service fund continues to be primarily attributable to the recent change in food service vendor 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 and the decrease in adult continuing education was due to the program being discontinued and closed out to the general fund.

**Financial Analysis of the District's Funds**

The District's General Fund fund balance increased \$1,434,362 on the GAAP basis during the fiscal year primarily due to a \$490,401 excess in anticipated revenue, \$2,500,643 of unexpended budget appropriations, \$1,338,119 of unexpended project balances transferred back to the Capital Reserve Account from the Capital Projects Fund, and a net decrease of \$17,572 in the June state aid payments which are not recognized until the subsequent fiscal year, offset by \$523,000 of appropriated fund balance, the net amounts of \$131,746 of maintenance reserve, and \$451,591 of capital reserve utilized in the 2017-2018 budget plus the transfer of \$1,787,200 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 \$2,600,000 and \$56,746 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 decreased \$2,350,010 on the GAAP basis during the fiscal year as a result of \$4,056,360 in expenditures relating to various capital projects and \$1,338,119 of unexpended project balances transferred to the General Fund, offset by the \$1,787,200 transfers from the General Fund and \$1,257,269 of Schools Development Authority grants realized on the GAAP basis.

**Morris Hills Regional School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

**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, 2018 the District's 2% limit is \$1,319,982 plus adjustments for additional State Aid of \$162,174, for a total of \$1,482,156 as allowable General Fund unassigned fund balance. However, since the District appropriated \$523,000 of fund balance as revenue in its 2018-2019 budget, only \$472,661 (or .716%) is unassigned at June 30, 2018.

**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. The District transferred \$65,000 from the Maintenance Reserve for costs associated with Morris Knolls High School HVAC and Sewer Systems. The District transferred \$1,218,200 from the Capital Reserve for costs associated with Morris Hills High School classroom renovations and modifications.

**Capital Asset and Long-term Liabilities Administration**

The District's capital assets (net of depreciation) increased \$694,910, or 1.56%, 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
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	Change 2017/18
Sites (Land)	\$ 288,500	\$ 288,500			\$ 288,500	\$ 288,500	0.00%
Construction in Progress	2,609,639				2,609,639		100.00%
Buildings and Building							
Improvements	36,627,705	37,540,214			36,627,705	37,540,214	-2.43%
Land Improvements	1,594,122	1,783,662			1,594,122	1,783,662	-10.63%
Machinery & Equipment	3,506,517	4,361,298	\$ 710,215	\$ 668,114	4,216,732	5,029,412	-16.16%
Total Capital Assets, Net of Depreciation	<u>\$ 44,626,483</u>	<u>\$ 43,973,674</u>	<u>\$ 710,215</u>	<u>\$ 668,114</u>	<u>\$ 45,336,698</u>	<u>\$ 44,641,788</u>	1.56%

The District invested \$4,633,776 in capital assets - \$4,550,308 from governmental activities (which includes \$4,056,360 from capital projects and primarily \$486,948 from capital outlay for equipment purchases and facilities acquisition and construction services) and \$83,468 from business-type activities. The District incurred \$3,897,499 and \$41,367 of depreciation related to governmental and business-type capital assets, respectively.

**Long-term Liabilities**

The District's long-term liabilities decreased by \$10,117,110, or 15.55%, during the fiscal year. At fiscal year-end, the District had \$23,860,000 in general obligation bonds outstanding, \$3,874,247 in compensated absences payable, \$3,428,796 in unamortized bond issuance premiums, \$22,384,694 in net pension liability and \$1,401,027 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, 2018**

**Long-term Liabilities**

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

	Total School District		Percentage
	2017/18	2016/17	Change 2017/18
General Obligation Bonds (Financed with Property Taxes), Net	\$ 23,860,000	\$ 25,360,000	-5.91%
Net Pension Liability	22,384,694	30,222,029	-25.93%
Other Long-Term Liabilities	8,704,070	9,483,845	-8.22%
	<u>\$ 54,948,764</u>	<u>\$ 65,065,874</u>	-15.55%

- Other long-term liabilities are comprised of unamortized bond issuance premiums, compensated absences payable and capital leases payable.
- The District retired \$1,500,000 of its general obligation bonds during the fiscal year.
- The District's net pension liability decreased by \$7,837,335.
- The District's liability for compensated absences decreased by the net amount of \$42,451.
- Unamortized bond issuance premiums decreased by \$285,733.
- The District paid down \$451,591 of capital leases payable during the 2017-2018 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.

**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 expired June 30, 2017 and negotiations were continuing into the 2018-19 school year.
- Meeting the needs of increasing salary and health benefit costs have been major budget concerns to the District. Negative experience ratings have caused double digit increases in premiums.
- 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 6% of annual budget expenditures for several 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%. Despite this 2% cap, salary agreements in the State continue to exceed 2%

**Morris Hills Regional School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

**Factors Bearing on the District's Future**

- The New Jersey Department of Education has frozen the amount of school aid that a District can receive for School Choice. Choice applications continue to increase and lotteries are conducted each year.
- The District is committed to remaining within the 2% cap increase allowed on school levy. Other sources of revenue have been pursued including School Choice dollars. State Aid is again on the rise due to increased enrollment and the District will continue to monitor costs by implementing best practices which result in efficient operations including sharing services with our elementary districts.
- In an effort to avoid raising taxes for capital improvements, the District has been funding a Capital Reserve account each year with unexpended fund balance and unanticipated revenue from the General Fund. Capital Reserve funds are used in subsequent budgets for various capital projects.

**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**

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,834,724	\$ 313,107	\$ 3,147,831
Internal Balances	379,508	(379,508)	
Receivables from Federal Government	389,278	16,046	405,324
Receivables from State Government	688,899	516	689,415
Receivables - Other	133,592	380,648	514,240
Inventories		16,935	16,935
Restricted Assets - Cash and Cash Equivalents:			
Capital Reserve Account	3,938,081		3,938,081
Maintenance Reserve Account	212,176		212,176
Capital Assets, Net:			
Sites (Land) and Construction in Progress	2,898,139		2,898,139
Depreciable Buildings and Building Improvements, Land Improvements, and Machinery & Equipment	41,728,344	710,215	42,438,559
Total Assets	<u>53,202,741</u>	<u>1,057,959</u>	<u>54,260,700</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Debt Refunding	1,765,860		1,765,860
Deferred Outflows of Resources Related to Pensions	7,380,867		7,380,867
Total Deferred Outflows of Resources	<u>9,146,727</u>		<u>9,146,727</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Payable to State Government	2,631		2,631
Accounts Payable	3,650,627	61,040	3,711,667
Accrued Interest Payable	295,927		295,927
Unearned Revenue	39,353	25,747	65,100
<b>Noncurrent Liabilities:</b>			
Due Within One Year	2,299,947		2,299,947
Due Beyond One Year	52,648,817		52,648,817
Total Liabilities	<u>58,937,302</u>	<u>86,787</u>	<u>59,024,089</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows of Resources Related to Pensions	5,618,652		5,618,652
Total Deferred Inflows of Resources	<u>5,618,652</u>		<u>5,618,652</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	21,131,316	710,215	21,841,531
Restricted for:			
Capital Projects	3,938,081		3,938,081
Debt Service	47,752		47,752
Maintenance	212,176		212,176
Unrestricted (Deficit)	(27,535,811)	260,957	(27,274,854)
Total Net Position (Deficit)	<u>\$ (2,206,486)</u>	<u>\$ 971,172</u>	<u>\$ (1,235,314)</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, 2018

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
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 37,441,788		\$ 12,637,373		\$ (24,804,415)		\$ (24,804,415)
Special Education	6,942,610		5,196,815		(1,745,795)		(1,745,795)
Other Special Instruction	1,105,403		437,724		(667,679)		(667,679)
School-Sponsored Other Instruction	4,643,699		1,641,544		(3,002,155)		(3,002,155)
<b>Support Services:</b>							
Tuition	5,654,973				(5,654,973)		(5,654,973)
Student & Instruction Related Services	12,756,070		4,104,638		(8,651,432)		(8,651,432)
General Administration Services	1,939,439				(1,939,439)		(1,939,439)
School Administration Services	3,672,535		1,251,133		(2,421,402)		(2,421,402)
Central Services	1,286,315				(1,286,315)		(1,286,315)
Administrative Information Technology	879,762				(879,762)		(879,762)
Plant Operations and Maintenance	5,763,813			\$ 1,257,269	(4,506,544)		(4,506,544)
Pupil Transportation	5,789,216		350,006		(5,439,210)		(5,439,210)
Special Schools	612,908		237,159		(375,749)		(375,749)
Interest on Long-Term Debt	969,472				(969,472)		(969,472)
Unallocated Depreciation*	2,596,576				(2,596,576)		(2,596,576)
<b>Total Governmental Activities</b>	<b>92,054,579</b>		<b>25,856,392</b>	<b>1,257,269</b>	<b>(64,940,918)</b>		<b>(64,940,918)</b>

\* - Excludes direct depreciation expenses of the various programs.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 1,420,996	\$ 1,172,675	\$ 338,150		\$ 89,829	\$ 89,829	\$ 89,829
Academy for Technology	1,137,372	1,117,800			(19,572)	(19,572)	(19,572)
Adult Continuing Education	35,708	35,708					
Shared Services	1,275,740	1,275,740					
Total Business-Type Activities	3,869,816	3,601,923	338,150		70,257	70,257	70,257
Total Primary Government	\$ 95,924,395	\$ 3,601,923	\$ 26,194,542	\$ 1,257,269	\$ (64,940,918)	70,257	(64,870,661)
General Revenues and Transfers:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					56,906,279		56,906,279
Taxes Levied for Debt Service					2,583,270		2,583,270
Federal and State Aid Not Restricted					5,625,623		5,625,623
Tuition Charges					347,997		347,997
Investment Earnings					97,459		97,459
Miscellaneous Income					386,071		386,071
Transfers					16,097	(16,097)	
Total General Revenues and Transfers					65,962,796	(16,097)	65,946,699
Change in Net Position					1,021,878	54,160	1,076,038
Net Position (Deficit) - Beginning					(3,228,364)	917,012	(2,311,352)
Net Position (Deficit) - Ending					\$ (2,206,486)	\$ 971,172	\$ (1,235,314)

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, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 869,976	\$ 99,217	\$ 1,817,779	\$ 47,752	\$ 2,834,724
Interfund Receivable	783,818				783,818
Receivables from Federal Government		389,278			389,278
Receivables from State Government	688,845	54			688,899
Receivables - Other	131,933	1,659			133,592
Restricted Cash and Cash Equivalents	4,150,257				4,150,257
<b>Total Assets</b>	<b>\$ 6,624,829</b>	<b>\$ 490,208</b>	<b>\$ 1,817,779</b>	<b>\$ 47,752</b>	<b>\$ 8,980,568</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Interfund Payable		\$ 404,310			\$ 404,310
Payable to State Government		2,631			2,631
Accounts Payable	\$ 2,187,094	76,602	\$ 448,318		2,712,014
Unearned Revenue	32,688	6,665			39,353
<b>Total Liabilities</b>	<b>2,219,782</b>	<b>490,208</b>	<b>448,318</b>		<b>3,158,308</b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve Account	3,938,081				3,938,081
Maintenance Reserve Account	212,176				212,176
<b>Restricted, Reported in:</b>					
Debt Service Fund				\$ 47,752	47,752
Committed			1,369,461		1,369,461
<b>Assigned:</b>					
For Subsequent Year's Expenditures	254,790				254,790
<b>Total Fund Balances</b>	<b>4,405,047</b>	<b>- 0 -</b>	<b>1,369,461</b>	<b>47,752</b>	<b>5,822,260</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,624,829</b>	<b>\$ 490,208</b>	<b>\$ 1,817,779</b>	<b>\$ 47,752</b>	<b>\$ 8,980,568</b>

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

Total Fund Balances (Per Above)	\$ 5,822,260
Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds.	44,626,483
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(22,384,694)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows of Resources Related to Pensions, Excluding District Contribution Subsequent to the Measurement Date	6,442,254
Deferred Inflows of Resources Related to Pensions	(5,618,652)
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.	(29,135,274)
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 \$1,030,099.	1,765,860
Bond Issuance Premiums are reported as revenue in the Funds. These premiums total \$5,428,927 and the accumulated amortization is \$2,000,131.	(3,428,796)
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(295,927)
<b>Net Position of Governmental Activities (Exhibit A-1)</b>	<b>\$ (2,206,486)</b>

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, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 56,906,279			\$ 2,583,270	\$ 59,489,549
Tuition Charges	347,997				347,997
Miscellaneous	447,917	\$ 7,468	\$ 35,613		490,998
Total - Local Sources	<u>57,702,193</u>	<u>7,468</u>	<u>35,613</u>	<u>2,583,270</u>	<u>60,328,544</u>
State Sources	16,824,183	287,312	1,257,269		18,368,764
Federal Sources	2,894	797,733			800,627
Total Revenues	<u>74,529,270</u>	<u>1,092,513</u>	<u>1,292,882</u>	<u>2,583,270</u>	<u>79,497,935</u>
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	20,854,328	87,396			20,941,724
Special Education Instruction	3,137,627	758,983			3,896,610
Other Special Instruction	652,979				652,979
School-Sponsored Other Instruction	2,954,029				2,954,029
Support Services and Undistributed Costs:					
Tuition	5,654,973				5,654,973
Student & Instruction Related Services	6,718,964	246,134			6,965,098
General Administration Services	916,578				916,578
School Administration Services	1,959,709				1,959,709
Central Services	1,070,358				1,070,358
Administrative Information Technology	649,318				649,318
Plant Operations and Maintenance	4,416,871				4,416,871
Pupil Transportation	4,618,275				4,618,275

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>EXPENDITURES</b>					
Current:					
Allocated Benefits	\$ 9,089,461				\$ 9,089,461
Unallocated Benefits	8,450,041				8,450,041
Capital Outlay	1,121,850		\$ 4,056,360		5,178,210
Special Schools	396,563				396,563
Debt Service:					
Principal				\$ 1,500,000	1,500,000
Interest and Other Charges				1,123,050	1,123,050
Total Expenditures	<u>72,661,924</u>	<u>\$ 1,092,513</u>	<u>4,056,360</u>	<u>2,623,050</u>	<u>80,433,847</u>
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	<u>1,867,346</u>	<u>- 0 -</u>	<u>(2,763,478)</u>	<u>(39,780)</u>	<u>(935,912)</u>
<b>OTHER FINANCING SOURCES/(USES)</b>					
Transfers In	1,354,216		1,787,200	35,613	3,177,029
Transfers Out	<u>(1,787,200)</u>		<u>(1,373,732)</u>		<u>(3,160,932)</u>
Total Other Financing Sources/(Uses)	<u>(432,984)</u>	<u>- 0 -</u>	<u>413,468</u>	<u>35,613</u>	<u>16,097</u>
Net Change in Fund Balances	1,434,362	- 0 -	(2,350,010)	(4,167)	(919,815)
Fund Balance—July 1	2,970,685	- 0 -	3,719,471	51,919	6,742,075
Fund Balance—June 30	<u>\$ 4,405,047</u>	<u>\$ - 0 -</u>	<u>\$ 1,369,461</u>	<u>\$ 47,752</u>	<u>\$ 5,822,260</u>

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

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, 2018

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ (919,815)
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	\$ (3,897,499)
	Capital Outlays	<u>4,550,308</u>
		652,809
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.		1,500,000
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 (+).		22,305
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)
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		451,591
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		7,837,335
Change in Deferred Outflows of Resources Related to Pensions		(3,190,217)
Change in Deferred Inflows of Resources Related to Pensions		(5,513,159)
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>42,451</u>
Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 1,021,878</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2018

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Major Funds			
	Food Service	Academy for Technology	Shared Services	
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 306,488	\$ 6,619		\$ 313,107
Receivable from:				
Federal Government	16,046			16,046
State Government	516			516
Receivables - Other			\$ 380,648	380,648
Inventories	16,935			16,935
Total Current Assets	339,985	6,619	380,648	727,252
Non-Current Assets:				
Capital Assets	550,234	1,002,113		1,552,347
Less: Accumulated Depreciation	(270,609)	(571,523)		(842,132)
Total Non-Current Assets	279,625	430,590		710,215
Total Assets	619,610	437,209	380,648	1,437,467
<b>LIABILITIES:</b>				
Current Liabilities:				
Interfund Payable - General Fund			379,508	379,508
Accounts Payable	59,900		1,140	61,040
Unearned Revenue - Prepaid Sales	25,747			25,747
Total Current Liabilities	85,647		380,648	466,295
Total Liabilities	85,647		380,648	466,295
<b>NET POSITION:</b>				
Investment in Capital Assets	279,625	430,590		710,215
Unrestricted	254,338	6,619		260,957
Total Net Position	\$ 533,963	\$ 437,209	\$ -0-	\$ 971,172

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, 2018

	Business-Type Activities - Enterprise Funds				
	Major Funds		Non-Major Fund		Total Enterprise Funds
	Food Service	Academy for Technology Shared Services	Adult Continuing Education	Total	
Operating Revenue:					
Charges for Services:					
Daily Sales:					
Reimbursable Programs	\$ 426,151				\$ 426,151
Non-Reimbursable Programs	709,301				709,301
Total Daily Sales	1,135,452				1,135,452
Special Events	37,223				37,223
Tuition					
Service Fees		\$ 1,117,800		\$ 35,708	1,153,508
		\$ 1,275,740			1,275,740
Total Operating Revenue	1,172,675	1,117,800	1,275,740	35,708	3,601,923
Operating Expenses:					
Cost of Sales:					
Reimbursable Programs	423,808				423,808
Non-Reimbursable Programs	288,783				288,783
Total Cost of Sales	712,591				712,591
Salaries	401,109	839,301	856,180	2,153	2,098,743
Payroll Taxes	59,052	26,831	27,663	507	114,053
Employee Benefits	27,261	195,032	232,430		454,723
Purchased Professional - Educational Services		110,401		29,614	140,015
Purchased Property Services	151,951			3,434	155,385
Transportation		56,636			56,636
Supplies and Materials	47,237		49,066		96,303
Depreciation Expense	21,795	19,572			41,367
Total Operating Expenses	1,420,996	1,137,372	1,275,740	35,708	3,869,816

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds				
	Major Funds		Non-Major Fund		
	Food Service	Academy for Technology	Shared Services	Adult Continuing Education	
Total Enterprise Funds					
Operating Income/(Loss)	\$ (248,321)	\$ (19,572)	\$ -0-	\$ -0-	\$ (267,893)
Non-Operating Revenue:					
Federal Sources:					
School Breakfast Program	51,121				51,121
National School Lunch Program	228,892				228,892
Food Distribution Program	48,038				48,038
State Sources:					
School Lunch Program	10,099				10,099
Total Non-Operating Revenue	338,150				338,150
Change in Net Position Before Transfer	89,829	(19,572)	-0-	-0-	70,257
Transfer Out - General Fund				(16,097)	(16,097)
Change in Net Position	89,829	(19,572)	-0-	(16,097)	54,160
Net Position - Beginning of Year	444,134	456,781	-0-	16,097	917,012
Net Position - End of Year	\$ 533,963	\$ 437,209	\$ -0-	\$ -0-	\$ 971,172

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, 2018

	Business-Type Activities - Enterprise Funds				
	Major Funds			Non-Major Fund	
	Food Service	Academy for Technology	Shared Services	Adult Continuing Education	Total Enterprise Funds
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 1,182,760	\$ 1,117,800	\$ 909,366	\$ 35,708	\$ 3,245,634
Payments to Employees		(866,132)	(883,843)	(2,660)	(1,752,635)
Payments to Food Service Vendor	(1,342,522)				(1,342,522)
Payments to Suppliers	(5,817)	(251,668)	(30,483)	(33,340)	(321,308)
Net Cash Provided by/(Used for) Operating Activities	(165,579)	-0-	(4,960)	(292)	(170,831)
Cash Flows from Noncapital and Related Financing Activities:					
Federal Subsidy Reimbursements	276,755				276,755
State Subsidy Reimbursements	9,982				9,982
Transfer Out - General Fund				(16,097)	(16,097)
Net Cash Provided by/(Used for) Noncapital and Related Financing Activities	286,737			(16,097)	270,640
Cash Flows from Capital and Related Financing Activities:					
Purchase of Capital Assets	(83,468)				(83,468)
Net Cash Used for Capital and Related Financing Activities	(83,468)	-0-	-0-	-0-	(83,468)
Net Increase/(Decrease) in Cash and Cash Equivalents	37,690	-0-	(4,960)	(16,389)	16,341
Cash and Cash Equivalents, July 1	268,798	6,619	4,960	16,389	296,766
Cash and Cash Equivalents, June 30	\$ 306,488	\$ 6,619	\$ -0-	\$ -0-	\$ 313,107

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds				
	Major Funds			Non-Major Fund	
	Food Service	Academy for Technology	Shared Services	Adult Continuing Education	Total Enterprise Funds
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:					
Operating Income/(Loss)	\$ (248,321)	\$ (19,572)	\$ -0-	\$ -0-	\$ (267,893)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:					
Depreciation	21,795	19,572			41,367
Federal Food Distribution Program	48,038				48,038
Changes in Assets and Liabilities:					
(Increase)/Decrease in Other Receivables	4,094		(366,374)		(362,280)
(Increase) in Inventory	(4,899)				(4,899)
Increase/(Decrease) in Accounts Payable	7,723		(3,819)	(292)	3,612
Increase in Interfund Payable			365,233		365,233
Increase in Unearned Revenue	5,991				5,991
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (165,579)</u>	<u>\$ -0-</u>	<u>\$ (4,960)</u>	<u>\$ (292)</u>	<u>\$ (170,831)</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 \$48,038 for the fiscal year ended June 30, 2018.

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2018

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 400,254	\$ 127,994	\$ 413,687
Total Assets	<u>400,254</u>	<u>127,994</u>	<u>413,687</u>
<b>LIABILITIES:</b>			
Payroll Deductions and Withholdings	45,451		
Due to Student Groups	<u>354,803</u>		
Total Liabilities	<u>400,254</u>	<u>- 0 -</u>	<u>- 0 -</u>
<b>NET POSITION:</b>			
Held in Trust for:			
Unemployment Claims		127,994	
Scholarships			413,687
Total Net Position	<u>\$ - 0 -</u>	<u>\$ 127,994</u>	<u>\$ 413,687</u>

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
ADDITIONS:		
Contributions:		
Employee	\$ 138,523	
Donations		\$ 48,591
	<u>138,523</u>	<u>48,591</u>
Total Contributions	<u>138,523</u>	<u>48,591</u>
Investment Earnings:		
Interest	10	4,835
	<u>10</u>	<u>4,835</u>
Net Investment Earnings	<u>10</u>	<u>4,835</u>
Total Additions	<u>138,533</u>	<u>53,426</u>
DEDUCTIONS:		
Unemployment Claims	134,939	
Scholarships Awarded		47,224
	<u>134,939</u>	<u>47,224</u>
Total Deductions	<u>134,939</u>	<u>47,224</u>
Change in Net Position	3,594	6,202
Net Position - Beginning of the Year	<u>124,400</u>	<u>407,485</u>
Net Position - End of the Year	<u>\$ 127,994</u>	<u>\$ 413,687</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, 2018

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

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall 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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

B. Basis of Presentation: (Cont'd)

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.

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.



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following governmental funds: (Cont'd)

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

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

The District reports the following proprietary 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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

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

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.

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, 2018 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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

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

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.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 74,546,842	\$ 1,092,513
Difference - Budget to GAAP:		
Prior Year State aid payments recognized for GAAP statements, not recognized for budgetary purposes	723,299	
Current Year State aid payments recognized for budgetary purposes, not recognized for GAAP statements	(740,871)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 74,529,270	\$ 1,092,513
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 72,661,924	\$ 1,092,513
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 72,661,924	\$ 1,092,513

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

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

	Capital Projects Fund	
	SDA Revenue	Fund Balance
Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis) (Exhibit F-1)	\$ (170,859)	\$ 3,084,181
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	1,428,128	(1,714,720)
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds (GAAP Basis) (Exhibit B-2)	\$ 1,257,269	\$ 1,369,461

E. Cash and Cash Equivalents and Investments:

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

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

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, 2018  
(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, 2018.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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 recorded at their acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

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, 2018.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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 \$4,405,047 General Fund balance at June 30, 2018, \$3,938,081 is restricted in the capital reserve account; \$212,176 is restricted in the maintenance reserve account; and \$254,790 is assigned and included as anticipated budget revenue for the fiscal year ending June 30, 2019. The assigned fund balance is \$268,210 less than the actual assigned fund balance on the budgetary basis due to the June state aid payments which are not recognized until the fiscal year ended June 30, 2019. Additionally, there is \$472,661 of unassigned fund balance which is not reported on the GAAP basis due to the June state aid payments which are not recognized until the fiscal year ended June 30, 2019.

Capital Projects Fund: The \$1,369,461 Capital Projects Fund balance at June 30, 2018 is committed, which is \$1,714,720 less on the GAAP basis due to NJSDA grants receivable which is 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, 2018 of \$47,752 is restricted, of which \$39,780 is included as anticipated budget revenue for the fiscal year ending June 30, 2019.

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, 2018.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$740,871 (\$268,210 assigned fund balance and \$472,661 unassigned fund balance) 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, 2018  
(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 \$1,369,461 of committed resources in the Capital Projects Fund at June 30, 2018.

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 \$254,790 of assigned resources for subsequent fiscal year's expenditures in the General Fund at June 30, 2018 which is \$268,210 less than the actual assigned resources due to the June state aid payments which are not recognized until the fiscal year ended June 30, 2019 on the GAAP basis.

R. Deficit Net Position:

The District has a \$27,535,811 deficit in unrestricted net position and a \$2,206,486 deficit in total net position from governmental activities, primarily due to the accrual of \$3,874,247 in compensated absences payable, \$295,927 in accrued interest payable, \$3,428,796 of unamortized bond premiums, deferred inflows related to pensions of \$5,618,652, and net pension liability of \$22,384,694, offset by deferred outflows related to pensions of \$7,380,867, deferred amount on debt refunding of \$1,765,860, 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, 2018 for the deferred amount on refunding of debt related to the District's 2012 refunding bonds and related to pensions.



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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, 2018 related to pensions.

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

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, 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, 2018  
(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.

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

GASB requires disclosure of the level of custodial credit risk assumed by the 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.

Custodial Credit Risk – The District's policy with respect to custodial credit risk ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

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, 2018

(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, and

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 of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

Investments: (Cont'd)

New Jersey statutes permit the Board to purchase the following types of securities: (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
  
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
  - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
  - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

As of June 30, 2018, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Maintenance Reserve Account</u>	<u>Total</u>
		<u>Capital Reserve Account</u>		
Checking and Savings Accounts	<u>\$ 4,089,766</u>	<u>\$ 3,938,081</u>	<u>\$ 212,176</u>	<u>\$ 8,240,023</u>

During the period ended June 30, 2018, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2018 was \$8,240,023 and the bank balance was \$8,566,256.

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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$ 2,238,553
Interest Earnings	200
Increase by Board Resolution - June 25, 2018	2,600,000
Unexpended Funds Returned	1,338,119
Budgeted Withdrawals	(1,020,591)
Withdrawals by Board Resolution	<u>(1,218,200)</u>
Ending Balance, June 30, 2018	<u>\$ 3,938,081</u>

The balance in the capital reserve account at June 30, 2018 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, 2018  
(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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$ 287,166
Interest Earnings	10
Increase by Board Resolution - June 25, 2018	56,746
Unexpended Funds Returned	43,254
Budgeted Withdrawals	(110,000)
Withdrawals by Board Resolution	<u>(65,000)</u>
Ending Balance, June 30, 2018	<u>\$ 212,176</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2018 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 288,500			\$ 288,500
Construction in Progress		\$ 4,056,360	\$(1,446,721)	2,609,639
<b>Total Capital Assets Not Being Depreciated</b>	<b>288,500</b>	<b>4,056,360</b>	<b>(1,446,721)</b>	<b>2,898,139</b>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	96,283,773		1,446,721	97,730,494
Land Improvements	4,905,316			4,905,316
Machinery and Equipment	12,687,972	493,948		13,181,920
<b>Total Capital Assets Being Depreciated</b>	<b>113,877,061</b>	<b>493,948</b>	<b>1,446,721</b>	<b>115,817,730</b>
<b>Governmental Activities Capital Assets</b>	<b>114,165,561</b>	<b>4,550,308</b>		<b>118,715,869</b>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(58,743,559)	(2,359,230)		(61,102,789)
Land Improvements	(3,121,654)	(189,540)		(3,311,194)
Machinery and Equipment	(8,326,674)	(1,348,729)		(9,675,403)
	<u>(70,191,887)</u>	<u>(3,897,499)</u>		<u>(74,089,386)</u>
<b>Governmental Activities Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 43,973,674</b>	<b>\$ 652,809</b>	<b>\$ -0-</b>	<b>\$ 44,626,483</b>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
<b>Business Type Activities:</b>				
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 782,890			\$ 782,890
Machinery and Equipment	685,989	\$ 83,468		769,457
<b>Total Capital Assets Being Depreciated</b>	<b>1,468,879</b>	<b>83,468</b>		<b>1,552,347</b>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(332,728)	(19,572)		(352,300)
Machinery and Equipment	(468,037)	(21,795)		(489,832)
	<u>(800,765)</u>	<u>(41,367)</u>		<u>(842,132)</u>
<b>Business Type Activities Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 668,114</b>	<b>\$ 42,101</b>	<b>\$ -0-</b>	<b>\$ 710,215</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

The increases totaling \$4,633,776, including \$4,056,360 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, 2018, the District had active construction projects balances totaling \$3,084,181 and had no outstanding construction encumbrances.

Depreciation expense was charged directly to governmental functions as follows:

Regular Instruction	\$ 69,079
Student and Instruction Related Services	70,310
General Administrative Services	940,201
Plant Operations and Maintenance	27,068
Pupil Transportation	194,265
Unallocated (Not Associated with an Identifiable Function or Program)	<u>2,596,576</u>
	<u>\$ 3,897,499</u>

NOTE 7: TRANSFERS TO/FROM CAPITAL OUTLAY

During the fiscal year ended June 30, 2018, the District transferred \$37,304 to the capital outlay accounts for equipment which did not require County Superintendent approval.

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance			Balance	Balance Due
	6/30/2017	Added	Retired	6/30/2018	Within One Year
Serial Bonds Payable	\$ 25,360,000		\$ 1,500,000	\$ 23,860,000	\$ 1,555,000
Compensated Absences Payable	3,916,698	\$ 169,940	212,391	3,874,247	- 0 -
Unamortized Bond Issuance					
Premiums	3,714,529		285,733	3,428,796	285,733
Net Pension Liability	30,222,029		7,837,335	22,384,694	- 0 -
Capital Lease Payable	<u>1,852,618</u>		<u>451,591</u>	<u>1,401,027</u>	<u>459,214</u>
	<u>\$ 65,065,874</u>	<u>\$ 169,940</u>	<u>\$ 10,287,050</u>	<u>\$ 54,948,764</u>	<u>\$ 2,299,947</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.



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

A. Bonds Payable: (Cont'd)

The District had bonds outstanding as of June 30, 2018 as follows:

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Refunding Bonds	10/01/2029	3.00%-5.00%	<u>\$23,860,000</u>

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

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2022	1,740,000	880,950	2,620,950
2023	1,810,000	809,950	2,619,950
Thereafter:			
2024-2028	10,495,000	2,609,375	13,104,375
2029-2030	<u>4,980,000</u>	<u>252,000</u>	<u>5,232,000</u>
	<u>\$ 23,860,000</u>	<u>\$ 7,570,075</u>	<u>\$ 31,430,075</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2018, 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 four District 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, 2018.

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 482,863
2020	482,863
2021	<u>482,863</u>
	1,448,589
Less: Amount representing interest	<u>(47,562)</u>
Present value of net minimum lease payments	<u>\$ 1,401,027</u>

The current portion of capital leases payable at June 30, 2018 is \$459,214 and the long-term portion is \$941,813. Capital leases payable are liquidated by the General Fund (not the Debt Service Fund) as required by the New Jersey Department of Education.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

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. The current portion of unamortized bond issuance premiums at June 30, 2018 is \$285,733 and the long-term portion is \$3,143,063.

E. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and is liquidated by the General Fund. The current portion of compensated absences payable at June 30, 2018 is \$-0- and the long-term portion is \$3,874,247.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees; however, there was no liability as of June 30, 2018.

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, 2018 is \$-0- and the long-term portion is \$22,384,694. 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.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

Benefits Provided

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

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  
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NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. 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 \$903,471 for fiscal year 2018.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> 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, 2018, the District reported a liability of \$22,384,694 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. 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, 2017, the District's proportion was 0.0962%, which was a decrease of 0.0058% from its proportion measured as of June 30, 2016.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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, 2018, the District recognized pension expense of \$1,756,861. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions:			
2014	6.44 years	\$ 253,931	
2015	5.72 years	1,069,624	
2016	5.57 years	3,186,190	
2017	5.48 years		\$ 4,493,211
Subtotal		4,509,745	4,493,211
Changes in Proportion:			
2014	6.44 years	413,703	
2015	5.72 years		77,136
2016	5.57 years	839,299	
2017	5.48 years		1,048,305
Subtotal		1,253,002	1,125,441
Difference Between Expected and Actual Experience:			
2015	5.72 years	296,762	
2016	5.57 years	96,692	
2017	5.48 years	133,628	
Subtotal		527,082	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2014	5 years	(268,234)	
2015	5 years	228,819	
2016	5 years	959,408	
2017	5 years	(767,568)	
Subtotal		152,425	

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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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)

	<u>Amortization Period</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District Contribution Subsequent to the Measurement Date - 2017	1 year	\$ 938,613	
		<u>\$ 7,380,867</u>	<u>\$ 5,618,652</u>

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 Ending June 30,</u>	<u>Total</u>
2018	\$ 526,957
2019	795,192
2020	481,845
2021	(640,856)
2022	(467,097)
	<u>\$ 696,041</u>

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2017 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the Net Pension Liability	\$ 27,769,733	\$ 22,384,694	\$ 17,898,290

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.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 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 member 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 includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

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 2018, the State of New Jersey contributed \$3,885,876 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$12,498,574.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> 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, 2018, the State's proportionate share of the net pension liability associated with the District was \$180,419,859. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. 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, 2017, the District's proportion was 0.2676%, which was an increase of 0.0037% from its proportion measured as of June 30, 2016.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>180,419,859</u>
Total	<u>\$ 180,419,859</u>

For the fiscal year ended June 30, 2017, the State recognized pension expense on behalf of the District in the amount of \$12,498,574 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 financial statements.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
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(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)

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	\$ 1,383,974,317	
2015	8.3 years	3,776,126,119	
2016	8.3 years	8,218,154,928	
2017	8.3 years		\$ 11,684,858,458
Difference Between Expected and Actual Experience:			
2014	8.5 years		13,181,413
2015	8.3 years	233,218,057	
2016	8.3 years		102,199,790
2017	8.3 years	207,898,332	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2014	5 years	(435,309,142)	
2015	5 years	385,284,122	
2016	5 years	1,295,565,574	
2017	5 years	(904,033,050)	
		<u>\$ 14,160,879,257</u>	<u>\$ 11,800,239,661</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(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)

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

Fiscal Year Ending June 30,	Total
2018	\$ 740,341,056
2019	1,175,650,200
2020	983,008,137
2021	551,152,948
2022	624,850,883
Thereafter	(1,714,363,628)
	\$ 2,360,639,596

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined 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 2036. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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, 2017 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:

	June 30, 2017		
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 214,344,452	\$ 180,419,859	\$ 152,472,632

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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
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(Continued)

NOTE 9. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

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 \$14,249 for the fiscal year ended June 30, 2018. Employee contributions to DCRP amounted to \$26,122 for the fiscal year ended June 30, 2018.

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a "special funding situation", as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
(Cont'd)

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

Employees Covered by Benefit Terms

At June 30, 2016, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	142,331
Active Plan Members	<u>223,747</u>
Total	<u><u>366,078</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age	2.10 - 8.98% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age	3.10 - 9.98% based on age

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
(Cont'd)

General Information about the OPEB Plan (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	\$57,831,784,184
Changes for Year:	
Service Cost	2,391,878,884
Interest on the Total OPEB Liability	1,699,441,736
Changes of Assumptions	(7,086,599,129)
Gross Benefit Payments by the State	(1,242,412,566)
Contributions from Members	45,748,749
Net Changes	(4,191,942,326)
Balance at June 30, 2017	\$53,639,841,858



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
	Total OPEB Liability Attributable to the District	\$ 150,556,189	\$ 126,829,856

	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
	Total OPEB Liability Attributable to the District	\$ 164,211,018	\$ 137,068,538

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	Total OPEB Liability Attributable to the District	\$ 104,305,296	\$ 126,829,856

	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	Total OPEB Liability Attributable to the District	\$ 112,468,552	\$ 137,068,538

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

For the fiscal year ended June 30, 2018 the District recognized OPEB expense of \$7,520,438 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the District's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2017 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes		\$ (6,343,769,032)
Contributions Made in Fiscal Year Ending 2018 After June 30, 2017 Measurement Date	\$ 1,190,373,242	
	\$ 1,190,373,242	\$ (6,343,769,032)

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

Fiscal Year Ending June 30,	Total
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	(2,629,618,547)
	\$ (6,343,769,032)

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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

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.

Selected, summarized financial information for the Group as of June 30, 2018 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 348,953,830
Net Position	\$ 82,580,855
Total Revenue	\$ 133,258,299
Total Expenses	\$ 129,340,074
Member Dividends	\$ - 0 -
Change in Net Position	\$ 3,918,225

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](http://www.njsig.org)

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, interest 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>
2017-2018	\$ -0-	\$ 10	\$ 138,523	\$ 134,939	\$ 127,994
2016-2017	-0-	7	96,052	74,372	124,400
2015-2016	-0-	9	119,511	137,191	102,713

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		

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 12. DEFERRED COMPENSATION (Cont'd)

The plan administrators are as follows: (Cont'd)

457

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, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 783,818	
Special Revenue Fund		\$ 404,310
Proprietary Funds - Shared Services		379,508
	<u>\$ 783,818</u>	<u>\$ 783,818</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.

During the fiscal year, the General Fund transferred \$1,787,200 to the Capital Projects Fund for the local share of capital projects, and the Capital Projects Fund transferred \$1,338,119 of unexpended local share of projects to the General Fund and \$35,613 of interest earnings to the Debt Service Fund.

NOTE 14. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2018:

	<u>Governmental Funds</u>			District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Business- Type Activities
	General Fund	Special Revenue Fund	Capital Projects Fund			Proprietary Funds
Salaries	\$ 956,826				\$ 956,826	
Vendors	1,230,268	\$ 76,602	\$ 448,318		1,755,188	\$ 59,900
Due to:						
State of New Jersey				\$ 938,613	938,613	
	<u>\$ 2,187,094</u>	<u>\$ 76,602</u>	<u>\$ 448,318</u>	<u>\$ 938,613</u>	<u>\$ 3,650,627</u>	<u>\$ 59,900</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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.

NOTE 17. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Township of Rockaway recognized revenue in the amount of \$38,537 from one payment in lieu of taxes ("PILOT") agreement. The taxes which would have been paid on this property for 2017 without the abatement would have been \$249,901 of which \$58,433 would have been regional school taxes.

The Borough of Wharton recognized revenue in the amount of \$663,225 from two payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2017 without the abatements would have been \$1,188,933 of which \$245,181 would have been regional school taxes.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 18. 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**



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 FOUR FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2017
District's Proportion of the Net Pension Liability	0.0962923203%	0.0954496502%	0.1020423880%	0.0961607878%
District's Proportionate Share of the Net Pension Liability	\$ 18,028,556	\$ 21,426,534	\$ 30,222,029	\$ 22,384,694
District's Covered Employee Payroll	\$ 6,627,964	\$ 6,819,569	\$ 6,608,576	\$ 6,781,784
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	272.01%	314.19%	457.32%	330.07%
Plan Fiduciary Net Position as a % of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%

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  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST FOUR FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually Required Contribution	\$ 793,820	\$ 820,611	\$ 912,135	\$ 903,471
Contributions in relation to the Contractually Required Contribution	<u>(793,820)</u>	<u>(820,611)</u>	<u>(912,135)</u>	<u>(903,471)</u>
Contribution Deficiency/(Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ 6,460,704	\$ 6,627,964	\$ 6,819,569	\$ 6,608,576
Contributions as a % of Covered Employee Payroll	12.29%	12.38%	13.38%	13.67%

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  
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 FOUR FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
State's Proportion of the Net Pension Liability attributable to the District	0.2567333136%	0.2564323239%	0.2639141422%	0.2675915304%
State's Proportionate Share of the Net Pension Liability attributable to the District	\$ 137,215,600	\$ 162,076,179	\$ 207,611,668	\$ 180,419,859
District's Covered Employee Payroll	\$ 26,259,124	\$ 27,301,314	\$ 27,267,601	\$ 28,035,898
State's Proportionate Share of the Net Pension Liability attributable to the District as a % of the District's Covered Employee Payroll	522.54%	593.66%	761.39%	643.53%
Plan Fiduciary Net Position as a % of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually Required Contribution	\$ 7,383,488	\$ 9,896,210	\$ 15,599,128	\$ 12,498,574
Contributions in relation to the Contractually Required Contribution	<u>(1,386,367)</u>	<u>(2,112,999)</u>	<u>(2,904,636)</u>	<u>(3,885,876)</u>
Contribution Deficiency/(Excess)	<u>\$ 5,997,121</u>	<u>\$ 7,783,211</u>	<u>\$ 12,694,492</u>	<u>\$ 8,612,698</u>
District's Covered Employee Payroll	\$ 27,301,314	\$ 27,267,601	\$ 28,035,898	\$ 27,905,288
Contributions as a % of Covered Employee Payroll	27.04%	36.29%	55.64%	44.79%

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  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST TWO FISCAL YEARS  
UNAUDITED

	Fiscal Years Ending	
	June 30, 2016	June 30, 2017
Total OPEB Liability		
Service Cost	\$ 1,723,999,319	\$ 2,391,878,884
Interest Cost	1,823,643,792	1,699,441,736
Changes in Assumptions	8,611,513,521	(7,086,599,129)
Member Contributions	46,273,747	45,748,749
Gross Benefit Payments	(1,223,298,019)	(1,242,412,566)
Net Change in Total OPEB Liability	10,982,132,360	(4,191,942,326)
Total OPEB Liability - Beginning	46,849,651,824	57,831,784,184
Total OPEB Liability - Ending	<u>\$ 57,831,784,184</u>	<u>\$ 53,639,841,858</u>
State's Covered Employee Payroll *	\$ 13,493,400,208	\$ 13,493,400,208
Total OPEB Liability as a Percentage of Covered Employee Payroll	429%	398%

\* - Covered payroll for the fiscal years ending June 30, 2016 and June 30, 2017 is based on the payroll on the June 30, 2016 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

	<u>As of June 30,</u>	
	<u>2017</u>	<u>2016</u>
Discount Rate	5.00%	3.98%
Municipal Bond Rate	3.58%	2.85%
Inflation Rate	2.25%	3.08%
Long-Term Expected Rate of Return on Pension Plan Investments	7.00%	7.65%

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

	<u>As of June 30,</u>	
	<u>2017</u>	<u>2016</u>
Discount Rate	4.25%	3.22%
Municipal Bond Rate	3.58%	2.85%
Inflation Rate	2.25%	2.50%
Long-Term Expected Rate of Return on Pension Plan Investments	7.00%	7.65%

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

**BUDGETARY COMPARISON SCHEDULES**

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 56,906,279		\$ 56,906,279	\$ 56,906,279	\$ 46,425
Tuition From Other LEA's Within the State	272,135		272,135	318,560	5,037
Tuition From Summer School	24,400		24,400	29,437	
Interest Earned on Maintenance Reserve	10		10	10	
Interest Earned on Capital Reserve	200		200	200	
Miscellaneous	159,954		159,954	447,707	287,753
<b>Total - Local Sources</b>	<b>57,362,978</b>		<b>57,362,978</b>	<b>57,702,193</b>	<b>339,215</b>
State Sources:					
Special Education Categorical Aid	1,811,283		1,811,283	1,811,283	
Equalization Aid	3,725,355		3,725,355	3,725,355	
School Choice Aid	1,765,632		1,765,632	1,765,632	
Security Aid	58,232		58,232	58,232	
Transportation Aid	318,233		318,233	318,233	
Per Pupil Growth Aid	28,990		28,990	28,990	
PARCC Readiness Aid	28,990		28,990	28,990	
Professional Learning Community Aid	28,540		28,540	28,540	
Adult and Post-Graduate Program Aid				30,767	30,767
Extraordinary Special Education Aid				563,674	130,156
Nonpublic School Transportation Costs				32,018	32,018
On-Behalf TPAF Contributions:					
Post-Retirement Medical Benefits (Non-Budgeted)					
Pension (Non-Budgeted)					
Non-Contributory Insurance (Non-Budgeted)					
Long-Term Disability Insurance (Non-Budgeted)					
Reimbursed TPAF Social Security Contributions (Non-Budgeted)					
<b>Total State Sources</b>	<b>8,198,773</b>		<b>8,198,773</b>	<b>16,841,755</b>	<b>8,642,982</b>
Federal Sources:					
Medicaid Reimbursement (SEMI)	44,649		44,649	2,894	(41,755)
<b>Total Federal Sources</b>	<b>44,649</b>		<b>44,649</b>	<b>2,894</b>	<b>(41,755)</b>
<b>TOTAL REVENUES</b>	<b>65,606,400</b>		<b>65,606,400</b>	<b>74,546,842</b>	<b>8,940,442</b>



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 19,172,788	\$ (487,700)	\$ 18,685,088	\$ 18,634,672	\$ 50,416
Regular Programs - Home Instruction:					
Salaries of Teachers	100,000	(32,100)	67,900	67,890	10
Purchased Professional - Educational Services	50,000	75,000	125,000	124,198	802
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	200,000		200,000	200,000	
Other Purchased Services (400-500 series)	757,499	3,335	760,834	545,827	215,007
General Supplies	1,055,576	22,264	1,077,840	1,047,414	30,426
Textbooks	279,336	(53,948)	225,388	215,805	9,583
Other Objects	29,400	3,570	32,970	18,522	14,448
<b>Total Regular Programs - Instruction</b>	<b>21,644,599</b>	<b>(469,579)</b>	<b>21,175,020</b>	<b>20,854,328</b>	<b>320,692</b>
<b>Special Education - Instruction:</b>					
Learning and/or Language Disabilities:					
Salaries of Teachers	428,186	(156,000)	272,186	270,667	1,519
Other Salaries for Instruction	30,668	24,930	55,598	55,585	13
Other Purchased Services (400-500 series)		7,000	7,000	6,629	371
General Supplies	5,000	(1,000)	4,000	2,759	1,241
Textbooks	5,000	(500)	4,500	4,466	34
<b>Total Learning and/or Language Disabilities</b>	<b>468,854</b>	<b>(125,570)</b>	<b>343,284</b>	<b>340,106</b>	<b>3,178</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	\$ 298,596	\$ (17,870)	\$ 280,726	\$ 280,721	\$ 5
Other Salaries for Instruction	84,108	(5,950)	78,158	78,157	1
Other Purchased Services (400-500 series)		1,000	1,000	808	192
General Supplies	5,000	(1,000)	4,000	1,497	2,503
Textbooks	5,000	(2,000)	3,000	2,283	717
<b>Total Multiple Disabilities</b>	<b>392,704</b>	<b>(25,820)</b>	<b>366,884</b>	<b>363,466</b>	<b>3,418</b>
Resource Room/Resource Center:					
Salaries of Teachers	2,036,359	232,400	2,268,759	2,265,786	2,973
Other Salaries for Instruction	86,704	40,690	127,394	125,352	2,042
Other Purchased Services (400-500 series)		100	100	54	46
General Supplies	51,000	(100)	50,900	42,863	8,037
<b>Total Resource Room/Resource Center</b>	<b>2,174,063</b>	<b>273,090</b>	<b>2,447,153</b>	<b>2,434,055</b>	<b>13,098</b>
<b>Total Special Education Instruction</b>	<b>3,035,621</b>	<b>121,700</b>	<b>3,157,321</b>	<b>3,137,627</b>	<b>19,694</b>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	591,113	(57,500)	533,613	525,948	7,665
<b>Total Basic Skills/Remedial - Instruction</b>	<b>591,113</b>	<b>(57,500)</b>	<b>533,613</b>	<b>525,948</b>	<b>7,665</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 117,771	\$ 9,100	\$ 126,871	\$ 126,369	\$ 502
Other Purchased Services (400-500 series)	200	355	555	552	3
General Supplies	200	(90)	110	110	
Textbooks	200	(200)			
<b>Total Bilingual Education - Instruction</b>	<b>118,371</b>	<b>9,165</b>	<b>127,536</b>	<b>127,031</b>	<b>505</b>
<b>School-Sponsored Cocurricular Activities - Instruction:</b>					
Salaries	527,728		527,728	522,434	5,294
Purchased Services (300-500 series)	38,275	32	38,307	32,157	6,150
Supplies and Materials	17,625	(1,898)	15,727	11,617	4,110
Other Objects	13,450	1,850	15,300	11,344	3,956
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>	<b>597,078</b>	<b>(16)</b>	<b>597,062</b>	<b>577,552</b>	<b>19,510</b>
<b>School-Sponsored Cocurricular Athletics - Instruction:</b>					
Salaries	2,058,334	(60,509)	1,997,825	1,923,872	73,953
Purchased Services (300-500 series)	195,886	69,199	265,085	242,360	22,725
Supplies and Materials	177,307	(16,192)	161,115	152,212	8,903
Other Objects	52,325	5,760	58,085	58,033	52
<b>Total School-Sponsored Cocurricular Athletics - Instruction</b>	<b>2,483,852</b>	<b>(1,742)</b>	<b>2,482,110</b>	<b>2,376,477</b>	<b>105,633</b>
<b>Total Instruction</b>	<b>28,470,634</b>	<b>(397,972)</b>	<b>28,072,662</b>	<b>27,598,963</b>	<b>473,699</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	\$ 549,287	\$ 174,418	\$ 723,705	\$ 712,848	\$ 10,857
Tuition to County Vocational Schools - Regular	1,159,340	91,600	1,250,940	1,246,242	4,698
Tuition to County Vocational Schools - Special	72,800	(72,800)			
Tuition to County Special Services Schools and Regional Day Schools	63,300	84,686	147,986	147,041	945
Tuition to Private Schools for the Disabled - Within the State	3,220,811	53,663	3,274,474	3,154,025	120,449
Tuition to Private Schools for the Disabled and Other LEAs - Special - Outside the State	288,400	154,859	443,259	361,865	81,394
Tuition - State Facilities	32,952		32,952	32,952	
<b>Total Undistributed Expenditures - Instruction</b>	<b>5,386,890</b>	<b>486,426</b>	<b>5,873,316</b>	<b>5,654,973</b>	<b>218,343</b>
Attendance and Social Work Services:					
Salaries	100,696		100,696	99,143	1,553
Unused Vacation Payment to Terminated/Retired Staff	7,020		7,020		7,020
Supplies and Materials	3,712		3,712	2,120	1,592
<b>Total Attendance and Social Work Services</b>	<b>111,428</b>		<b>111,428</b>	<b>101,263</b>	<b>10,165</b>
Health Services:					
Salaries	428,978	(33,000)	395,978	374,346	21,632
Purchased Professional and Technical Services	159,400	59,195	218,595	181,983	36,612
Other Purchased Services (400-500 series)	35,275	3,875	39,150	26,798	12,352
Supplies and Materials	4,875	(413)	4,462	4,218	244
<b>Total Health Services</b>	<b>628,528</b>	<b>29,657</b>	<b>658,185</b>	<b>587,345</b>	<b>70,840</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	\$ 258,250		\$ 258,250	\$ 255,057	\$ 3,193
Purchased Professional - Educational Services	450,000	(2,000)	448,000	443,338	4,662
Total Other Support Services - Speech, OT, PT and Related Services	708,250	(2,000)	706,250	698,395	7,855
Other Support Services - Students - Extraordinary Services:					
Salaries	639,572	(8,500)	631,072	630,949	123
Supplies and Materials	35,000	(6,000)	29,000	22,349	6,651
Total Other Support Services - Students - Extraordinary Services	674,572	(14,500)	660,072	653,298	6,774
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	1,491,965	(68,000)	1,423,965	1,418,485	5,480
Salaries of Secretarial and Clerical Assistants	157,284		157,284	151,686	5,598
Unused Vacation Payment to Terminated/Retired Staff		6,500	6,500	6,481	19
Purchased Professional - Educational Services		200	200	200	
Other Purchased Services (400-500 series)	58,537	(18,777)	39,760	5,170	34,590
Supplies and Materials	14,725	2,288	17,013	12,625	4,388
Other Objects	1,545	140	1,685	1,330	355
Total Other Support Services - Students - Guidance	1,724,056	(77,649)	1,646,407	1,595,977	50,430
Other Support Services - Child Study Teams:					
Salaries of Other Professional Staff	982,431	(4,325)	978,106	966,572	11,534
Salaries of Secretarial and Clerical Assistants	119,785		119,785	117,761	2,024
Unused Vacation Payment to Terminated/Retired Staff		4,325	4,325	4,319	6
Other Purchased Services (400-500 series)	35,000	3,015	38,015	37,377	638
Supplies and Materials	8,000	(1,200)	6,800	5,297	1,503
Total Other Support Services - Child Study Teams	1,145,216	1,815	1,147,031	1,131,326	15,705

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 754,028	\$ 14,000	\$ 768,028	\$ 767,230	\$ 798
Salaries of Secretarial and Clerical Assistants	314,022	(1,200)	312,822	301,406	11,416
Unused Vacation Payment to Terminated/Retired Staff	29,800	7,962	37,762	37,731	31
Other Purchased Services (400-500 series)	87,484	(127)	87,357	79,219	8,138
Supplies and Materials	1,500	552	2,052	2,034	18
Other Objects	951		951	119	832
<b>Total Improvement of Instructional Services</b>	<b>1,187,785</b>	<b>21,187</b>	<b>1,208,972</b>	<b>1,187,739</b>	<b>21,233</b>
Educational Media Services/School Library:					
Salaries	367,541		367,541	358,162	9,379
Other Purchased Services (400-500 series)	20,275	(3,293)	16,982	14,602	2,380
Supplies and Materials	135,639	(7,702)	127,937	113,540	14,397
<b>Total Educational Media Services/School Library</b>	<b>523,455</b>	<b>(10,995)</b>	<b>512,460</b>	<b>486,304</b>	<b>26,156</b>
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	177,041	(16,250)	160,791	158,036	2,755
Salaries of Other Professional Staff	10,000	650	10,650	10,633	17
Salaries of Secretarial and Clerical Assistants	55,413	(40)	55,373	54,101	1,272
Other Salaries	35,000	3,040	38,040	38,024	16
Other Purchased Services (400-500 series)	69,752	(52,000)	17,752	7,558	10,194
Supplies and Materials	12,737	(550)	12,187	8,965	3,222
<b>Total Instructional Staff Training Services</b>	<b>359,943</b>	<b>(65,150)</b>	<b>294,793</b>	<b>277,317</b>	<b>17,476</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Support Services - General Administration:					
Salaries	\$ 304,332	\$ (5,400)	\$ 298,932	\$ 279,797	\$ 19,135
Legal Services	85,000	103,000	188,000	117,955	70,045
Audit Fees	77,180		77,180	72,200	4,980
Architectural/Engineering Services	34,000	(6,000)	28,000	20,000	8,000
Other Purchased Professional Services	20,000	(15,000)	5,000		5,000
Communications/Telephone	156,100	20,000	176,100	131,176	44,924
BOE Other Purchased Services	7,000	(473)	6,527	1,671	4,856
Miscellaneous Purchased Services (400-500 series)	491,348	(167,750)	323,598	245,069	78,529
General Supplies	26,150	(600)	25,550	16,004	9,546
Miscellaneous Expenditures	5,000	600	5,600	5,533	67
BOE Membership Dues and Fees	24,000	3,173	27,173	27,173	
<b>Total Support Services - General Administration</b>	<b>1,230,110</b>	<b>(68,450)</b>	<b>1,161,660</b>	<b>916,578</b>	<b>245,082</b>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	1,427,651	(70,000)	1,357,651	1,308,176	49,475
Salaries of Secretarial and Clerical Assistants	596,569	(40,000)	556,569	551,951	4,618
Unused Vacation Payment to Terminated/Retired Staff	25,000	75,238	100,238	4,369	95,869
Other Purchased Services (400-500 series)	132,813	(23,600)	109,213	61,606	47,607
Supplies and Materials	33,885		33,885	32,559	1,326
Other Objects	2,525	(1,000)	1,525	1,048	477
<b>Total Support Services - School Administration</b>	<b>2,218,443</b>	<b>(59,362)</b>	<b>2,159,081</b>	<b>1,959,709</b>	<b>199,372</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Central Services:					
Salaries	\$ 836,199	\$ (32,700)	\$ 803,499	\$ 796,419	\$ 7,080
Purchased Professional Services	30,900	(10,430)	20,470	12,506	7,964
Miscellaneous Purchased Services (400-500 series)	288,000	70,930	358,930	221,533	137,397
Supplies and Materials	24,700	1,210	25,910	2,563	23,347
Interest on Lease Purchase Agreements	31,273		31,273	31,272	1
Miscellaneous Expenditures	5,050	2,000	7,050	6,065	985
<b>Total Central Services</b>	<b>1,216,122</b>	<b>31,010</b>	<b>1,247,132</b>	<b>1,070,358</b>	<b>176,774</b>
Administration Information Technology:					
Salaries	358,100	59,700	417,800	417,722	78
Other Purchased Services (400-500 series)	157,700		157,700	155,214	2,486
Supplies and Materials	95,133		95,133	76,382	18,751
<b>Total Administration Information Technology</b>	<b>610,933</b>	<b>59,700</b>	<b>670,633</b>	<b>649,318</b>	<b>21,315</b>
Required Maintenance for School Facilities:					
Salaries	578,990	(50,700)	528,290	526,558	1,732
Cleaning, Repair and Maintenance Services	114,000	63,500	177,500	122,930	54,570
General Supplies	176,000	7,000	183,000	180,136	2,864
<b>Total Required Maintenance for School Facilities</b>	<b>868,990</b>	<b>19,800</b>	<b>888,790</b>	<b>829,624</b>	<b>59,166</b>



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Custodial Services:					
Salaries	\$ 1,180,994	\$ 78,550	\$ 1,259,544	\$ 1,251,210	\$ 8,334
Unused Vacation Payment to Terminated/Retired Staff	10,000	(10,000)			
Purchased Professional and Technical Services	66,600	(5,500)	61,100	44,732	16,368
Cleaning, Repair and Maintenance Services	146,000	34,500	180,500	154,364	26,136
Other Purchased Property Services	80,000		80,000	78,559	1,441
Insurance	319,200	(2,350)	316,850	305,298	11,552
Miscellaneous Purchased Services	9,000	305	9,305	7,573	1,732
General Supplies	181,000	(21,000)	160,000	146,047	13,953
Energy (Natural Gas)	133,000		133,000	69,413	63,587
Energy (Electricity)	587,479	15,000	602,479	563,171	39,308
Energy (Oil)	490,000	(20,000)	470,000	345,854	124,146
Other Objects	500		500	80	420
<b>Total Custodial Services</b>	<b>3,203,773</b>	<b>69,505</b>	<b>3,273,278</b>	<b>2,966,301</b>	<b>306,977</b>
<b>Care &amp; Upkeep of Grounds:</b>					
Salaries	130,436	(6,000)	124,436	112,361	12,075
Cleaning, Repair and Maintenance Services	42,352		42,352	41,497	855
<b>Total Care &amp; Upkeep of Grounds</b>	<b>172,788</b>	<b>(6,000)</b>	<b>166,788</b>	<b>153,858</b>	<b>12,930</b>
<b>Security:</b>					
Salaries	223,760		223,760	218,333	5,427
Purchased Professional and Technical Services	32,525	112,100	144,625	141,769	2,856
General Supplies	142,248	(34,000)	108,248	106,986	1,262
<b>Total Security</b>	<b>398,533</b>	<b>78,100</b>	<b>476,633</b>	<b>467,088</b>	<b>9,545</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Non-Instructional Aides	\$ 191,179	\$ 161,000	\$ 352,179	\$ 351,068	\$ 1,111
Between Home and School - Regular	1,288,357	(196,000)	1,092,357	1,088,495	3,862
Between Home and School - Special Education	292,579	133,500	426,079	425,840	239
Other Than Between Home and School	188,200	(31,000)	157,200	155,151	2,049
Unused Vacation Payment to Terminated/Retired Staff	20,192	(15,000)	5,192	5,106	86
Cleaning, Repair and Maintenance Services	16,200	7,748	23,948	13,488	10,460
Contracted Services:					
Aid in Lieu of Payments - Nonpublic Students	132,600	13,915	146,515	143,515	3,000
Aid in Lieu of Payments - Choice Students	1,768	232	2,000	2,000	
Between Home and School - Vendors	180,000	(121,259)	58,741	58,055	686
Other Than Between Home and School - Vendors	291,249	(66,077)	225,172	208,530	16,642
Between Home and School - Joint Agreements	105,000	(105,000)			
Special Education Students - Joint Agreements	1,040,000	(909,152)	130,848	127,989	2,859
Between Home and School - ESC's and CTSA's		404,352	404,352	399,541	4,811
Special Education Students - ESC's and CTSA's		1,338,152	1,338,152	1,330,966	7,186
Miscellaneous Purchased Services	28,943	13,241	42,184	35,093	7,091
General Supplies	2,000	37,581	39,581	36,798	2,783
Transportation Supplies	374,928	(119,133)	255,795	232,555	23,240
Other Objects		5,000	5,000	4,085	915
<b>Total Student Transportation Services</b>	<b>4,153,195</b>	<b>552,100</b>	<b>4,705,295</b>	<b>4,618,275</b>	<b>87,020</b>
Allocated Benefits:					
Regular Programs - Instruction:					
Social Security Contributions	134,970	7,620	142,590	142,422	168
Other Retirement Contributions - Regular	12,792	9,900	22,692	22,423	269
Workmen's Compensation	130,144	(56,154)	73,990	73,990	
Health Benefits	3,051,222	(50,675)	3,000,547	2,934,815	65,732
Tuition Reimbursement	76,000	(5,150)	70,850	70,587	263
Other Employee Benefits	123,000	44,265	167,265	153,155	14,110
Unused Sick Payment to Terminated/Retired Staff	68,000	45,000	113,000	112,121	879
<b>Total Allocated Benefits - Regular Programs - Instruction</b>	<b>3,596,128</b>	<b>(5,194)</b>	<b>3,590,934</b>	<b>3,509,513</b>	<b>81,421</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Allocated Benefits:					
Special Programs - Instruction:					
Social Security Contributions	\$ 36,583	\$ 13,900	\$ 50,483	\$ 50,159	\$ 324
Other Retirement Contributions - PERS	19,666	16,500	36,166	35,043	1,123
Workmen's Compensation	23,175		23,175	23,175	
Health Benefits	653,816	108,300	762,116	719,347	42,769
Tuition Reimbursement		26,750	26,750	26,294	456
Other Employee Benefits	15,000	25,885	40,885	40,230	655
Total Allocated Benefits - Special Programs - Instruction	748,240	191,335	939,575	894,248	45,327
Other Instructional Programs - Instruction:					
Social Security Contributions	234,385	(92,300)	142,085	142,074	11
Other Retirement Contributions - PERS	23,530	(13,700)	9,830	5,675	4,155
Workmen's Compensation	23,175		23,175	23,175	
Health Benefits	249,667	(172,000)	77,667	77,114	553
Other Employee Benefits	800	2,100	2,900	2,900	
Total Allocated Benefits - Other Instructional Programs - Instruction	531,557	(275,900)	255,657	250,938	4,719
Attendance and Social Work Services:					
Social Security Contributions	7,703		7,703	7,096	607
Other Retirement Contributions - PERS	14,098	1,950	16,048	15,156	892
Workmen's Compensation	5,500		5,500	5,500	
Health Benefits	46,545	(2,000)	44,545	43,647	898
Unused Sick Payment to Terminated/Retired Staff	7,810		7,810		7,810
Total Allocated Benefits - Attendance and Social Work Services	81,656	(50)	81,606	71,399	10,207

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Allocated Benefits:					
Health Services:					
Social Security Contributions	\$ 1,500	\$ 1,590	\$ 3,090	\$ 3,086	\$ 4
Workmen's Compensation	4,400		4,400	4,400	
Health Benefits	34,317	(2,000)	32,317	31,513	804
Tuition Reimbursement		4,650	4,650	4,630	20
Unused Sick Payment to Terminated/Retired Staff		5,000	5,000	5,000	
Other Employee Benefits	6,000	(1,000)	5,000	4,313	687
<b>Total Allocated Benefits - Health Services</b>	<b>46,217</b>	<b>8,240</b>	<b>54,457</b>	<b>52,942</b>	<b>1,515</b>
Other Support Services - Speech, OT, PT and Related Services:					
Social Security Contributions	362	990	1,352	887	465
Workmen's Compensation	1,100		1,100	1,100	
Health Benefits	39,730	(1,000)	38,730	37,433	1,297
Other Employee Benefits	3,000	(3,000)			
Unused Sick Payment to Terminated/Retired Staff	17,000	(17,000)			
<b>Total Allocated Benefits - Other Support Services -     Speech, OT, PT and Related Services</b>	<b>61,192</b>	<b>(20,010)</b>	<b>41,182</b>	<b>39,420</b>	<b>1,762</b>
Other Support Services - Students - Extraordinary Services:					
Social Security Contributions	46,301	3,850	50,151	49,755	396
Other Retirement Contributions - PERS	63,225	21,000	84,225	83,727	498
Health Benefits	297,017	33,000	330,017	309,908	20,109
Tuition Reimbursement	3,000	7,900	10,900	10,861	39
Other Employee Benefits	6,000	7,000	13,000	13,000	
Unused Sick Payment to Terminated/Retired Staff	5,000		5,000		5,000
<b>Total Allocated Benefits - Other Support Services - Students -     Extraordinary Services</b>	<b>420,543</b>	<b>72,750</b>	<b>493,293</b>	<b>467,251</b>	<b>26,042</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Allocated Benefits:					
Other Support Services - Students - Guidance:					
Social Security Contributions	\$ 20,762	\$ (2,200)	\$ 18,562	\$ 18,264	\$ 298
Other Retirement Contributions - PERS	25,145	(5,700)	19,445	19,378	67
Workmen's Compensation	6,600		6,600	6,600	
Health Benefits	208,362	9,600	217,962	212,848	5,114
Tuition Reimbursement	3,000	(1,650)	1,350	1,104	246
Other Employee Benefits	12,000	750	12,750	12,750	
Unused Sick Payment to Terminated/Retired Staff	17,000	(7,300)	9,700	7,500	2,200
<b>Total Allocated Benefits - Other Support Services - Students - Guidance</b>	<b>292,869</b>	<b>(6,500)</b>	<b>286,369</b>	<b>278,444</b>	<b>7,925</b>
Other Support Services - Child Study Teams:					
Social Security Contributions	9,549	1,700	11,249	11,228	21
Other Retirement Contributions - PERS	15,650	1,036	16,686	16,505	181
Workmen's Compensation	11,000		11,000	11,000	
Health Benefits	168,747	(6,700)	162,047	158,428	3,619
Tuition Reimbursement	6,000	(6,000)			
Other Employee Benefits	6,000		6,000	6,000	
Unused Sick Payment to Terminated/Retired Staff	17,000	(9,700)	7,300	7,235	65
<b>Total Allocated Benefits - Other Support Services - Child Study Teams</b>	<b>233,946</b>	<b>(19,664)</b>	<b>214,282</b>	<b>210,396</b>	<b>3,886</b>
Improvement of Instruction Services:					
Social Security Contributions	24,054	650	24,704	24,683	21
Other Retirement Contributions - PERS	44,022	(14,600)	29,422	28,874	548
Workmen's Compensation	6,600		6,600	6,600	
Health Benefits	148,364	(45,000)	103,364	102,512	852
Tuition Reimbursement	9,000	(8,400)	600	600	600
Other Employee Benefits	11,100	6,525	17,625	17,621	4
Unused Sick Payment to Terminated/Retired Staff	17,000		17,000	15,000	2,000
<b>Total Allocated Benefits - Improvement of Instruction Services</b>	<b>260,140</b>	<b>(60,825)</b>	<b>199,315</b>	<b>195,290</b>	<b>4,025</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Allocated Benefits:					
Educational Media Services - School Library:					
Social Security Contributions	\$ 12,115		\$ 12,115	\$ 11,676	\$ 439
Other Retirement Contributions - PERS	23,414	7,000	30,414	30,385	29
Workmen's Compensation	6,600		6,600	6,600	
Health Benefits	94,693	(10,000)	84,693	83,374	1,319
Other Employee Benefits		3,000	3,000	3,000	
<b>Total Allocated Benefits - Educational Media Services - School Library</b>	<b>136,822</b>		<b>136,822</b>	<b>135,035</b>	<b>1,787</b>
Instructional Staff Training Services:					
Social Security Contributions	11,853	(4,100)	7,753	7,558	195
Other Retirement Contributions - PERS	7,699	(2,400)	5,299	5,095	204
Workmen's Compensation	6,600		6,600	6,600	
Health Benefits	27,113	(4,500)	22,613	22,533	80
Other Employee Benefits	900	30	930	930	
<b>Total Allocated Benefits - Instructional Staff Training Services</b>	<b>54,165</b>	<b>(10,970)</b>	<b>43,195</b>	<b>42,716</b>	<b>479</b>
Support Services - General Administration:					
Social Security Contributions	7,017	(5)	7,012	6,828	184
Other Retirement Contributions - PERS	10,041	11,000	21,041	20,270	771
Workmen's Compensation	6,600		6,600	6,600	
Health Benefits	23,233		23,233	17,810	5,423
Tuition Reimbursement	5,000	7,400	12,400	12,338	62
Other Employee Benefits	7,000	675	7,675	7,673	2
<b>Total Allocated Benefits - Support Services - General Administration</b>	<b>58,891</b>	<b>19,070</b>	<b>77,961</b>	<b>71,519</b>	<b>6,442</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Allocated Benefits:					
Support Services - School Administration:					
Social Security Contributions	\$ 46,098	\$ (3,295)	\$ 42,803	\$ 42,799	\$ 4
Other Retirement Contributions - PERS	84,498	(24,026)	60,472	60,079	393
Workmen's Compensation	24,200		24,200	24,200	
Health Benefits	305,059	(6,500)	298,559	268,032	30,527
Tuition Reimbursement	3,000	7,800	10,800	10,791	9
Other Employee Benefits	21,900	9,680	31,580	31,235	345
Unused Sick Payment to Terminated/Retired Staff	17,000		17,000	2,529	14,471
<b>Total Allocated Benefits - Support Services - School Administration</b>	<b>501,755</b>	<b>(16,341)</b>	<b>485,414</b>	<b>439,665</b>	<b>45,749</b>
Support Services - Central Services:					
Social Security Contributions	35,086	(1,800)	33,286	33,285	1
Other Retirement Contributions - PERS	63,202	(40,000)	23,202	22,209	993
Workmen's Compensation	6,600		6,600	6,600	
Health Benefits	142,274	(9,900)	132,374	130,028	2,346
Other Employee Benefits	4,500	5,668	10,168	10,129	39
<b>Total Allocated Benefits - Support Services - Central Services</b>	<b>251,662</b>	<b>(46,032)</b>	<b>205,630</b>	<b>202,251</b>	<b>3,379</b>
Support Services - Administrative Information Technology:					
Social Security Contributions	21,543	3,200	24,743	24,707	36
Other Retirement Contributions - PERS	39,420	60,000	99,420	97,859	1,561
Workmen's Compensation	6,600		6,600	6,600	
Health Benefits	53,992	37,600	91,592	88,505	3,087
Other Employee Benefits	3,000	500	3,500	3,360	140
<b>Total Allocated Benefits - Support Services - Administrative Information Technology</b>	<b>124,555</b>	<b>101,300</b>	<b>225,855</b>	<b>221,031</b>	<b>4,824</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Allocated Benefits:					
Required Maintenance for School Facilities:					
Social Security Contributions	\$ 42,754	\$ (400)	\$ 42,354	\$ 38,321	\$ 4,033
Other Retirement Contributions - PERS	63,368	30,000	93,368	92,974	394
Workmen's Compensation	4,459		4,459	4,459	
Health Benefits	223,396	(55,000)	168,396	132,741	35,655
Tuition Reimbursement	8,000	(7,700)	300		300
Other Employee Benefits	4,000	(700)	3,300	3,250	50
<b>Total Allocated Benefits - Required Maintenance for School Facilities</b>	<b>345,977</b>	<b>(33,800)</b>	<b>312,177</b>	<b>271,745</b>	<b>40,432</b>
Custodial Services:					
Social Security Contributions	89,502		89,502	89,443	59
Other Retirement Contributions - PERS	120,396	(20,100)	100,296	95,559	4,737
Workmen's Compensation	120,000	(120,000)			
Health Benefits	384,165	(15,225)	368,940	368,903	37
Other Employee Benefits	10,500	(3,700)	6,800	6,799	1
Unused Sick Payment to Terminated/Retired Staff	5,000		5,000		5,000
<b>Total Allocated Benefits - Custodial Services</b>	<b>729,563</b>	<b>(159,025)</b>	<b>570,538</b>	<b>560,704</b>	<b>9,834</b>
Care and Upkeep of Grounds:					
Social Security Contributions	9,930		9,930	9,359	571
Other Retirement Contributions - PERS	13,118		13,118	10,399	2,719
Workmen's Compensation	1,000		1,000	1,000	
Health Benefits	52,233	(15,000)	37,233	36,782	451
Other Employee Benefits	675		675		675
Unused Sick Payment to Terminated/Retired Staff	5,000	(5,000)			
<b>Total Allocated Benefits - Care and Upkeep of Grounds</b>	<b>81,956</b>	<b>(20,000)</b>	<b>61,956</b>	<b>57,540</b>	<b>4,416</b>



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE:</b>					
Allocated Benefits:					
Security:					
Social Security Contributions	\$ 17,115		\$ 17,115	\$ 15,988	\$ 1,127
Other Retirement Contributions - PERS	31,657	(13,440)	18,217	16,442	1,775
Workmen's Compensation	1,000		1,000	1,000	
Health Benefits	150,258	(150)	150,108	143,563	6,545
Other Employee Benefits		1,000	1,000	1,000	
<b>Total Allocated Benefits - Security</b>	<b>200,030</b>	<b>(12,590)</b>	<b>187,440</b>	<b>177,993</b>	<b>9,447</b>
Student Transportation Services:					
Social Security Contributions	159,969	(5,000)	154,969	153,932	1,037
Other Retirement Contributions - PERS	228,048	(91,660)	136,388	136,387	1
Workmen's Compensation	40,000		40,000	40,000	
Health Benefits	837,865	(233,700)	604,165	587,243	16,922
Other Employee Benefits	18,000	5,040	23,040	16,859	6,181
Unused Sick Payment to Terminated/Retired Staff	20,000		20,000	5,000	15,000
<b>Total Allocated Benefits - Student Transportation Services</b>	<b>1,303,882</b>	<b>(325,320)</b>	<b>978,562</b>	<b>939,421</b>	<b>39,141</b>
<b>Total Allocated Benefits</b>	<b>10,061,746</b>	<b>(619,526)</b>	<b>9,442,220</b>	<b>9,089,461</b>	<b>352,759</b>
On-Behalf TPAF Contributions:					
Post-Retirement Medical Benefits (Non-Budgeted)				2,570,711	(2,570,711)
Pension (Non-Budgeted)				3,885,876	(3,885,876)
Non-Contributory Insurance (Non-Budgeted)				94,301	(94,301)
Long-Term Disability Insurance (Non-Budgeted)				4,492	(4,492)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,894,661	(1,894,661)
<b>Total On-Behalf Contributions</b>				<b>8,450,041</b>	<b>(8,450,041)</b>
<b>Total Personal Services - Employee Benefits</b>	<b>10,061,746</b>	<b>(619,526)</b>	<b>9,442,220</b>	<b>17,539,502</b>	<b>(8,097,282)</b>
<b>Total Undistributed Expenses</b>	<b>36,584,756</b>	<b>425,668</b>	<b>37,010,424</b>	<b>43,544,548</b>	<b>(6,534,124)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>65,055,390</b>	<b>27,696</b>	<b>65,083,086</b>	<b>71,143,511</b>	<b>(6,060,425)</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12	\$ 136,627	\$ (601)	\$ 136,026	\$ 97,018	\$ 39,008
Undistributed Expenditures:					
Support Services:					
Instructional Staff	12,995	10,215	23,210	23,140	70
School Administration	16,000	16,000	16,000	16,000	
Central Services	12,000	(10,710)	1,290	1,290	
Administrative Information Technology	29,000	29,000	29,000	28,833	167
Custodial Services	90,000	90,000	90,000	69,635	20,365
Student Transportation Services:					
Non-Instructional Equipment	2,400	2,400	2,400	2,400	
School Buses - Regular	229,000	20,000	249,000	248,632	368
<b>Total Equipment</b>	<b>509,622</b>	<b>37,304</b>	<b>546,926</b>	<b>486,948</b>	<b>59,978</b>
Facilities Acquisition and Construction Services:					
Lease Purchase Agreements - Principal	451,591		451,591	451,591	
Other Objects - Debt Service Assessment	183,311		183,311	183,311	
<b>Total Facilities Acquisition and Construction Services</b>	<b>634,902</b>		<b>634,902</b>	<b>634,902</b>	
<b>TOTAL CAPITAL OUTLAY</b>	<b>1,144,524</b>	<b>37,304</b>	<b>1,181,828</b>	<b>1,121,850</b>	<b>59,978</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>SPECIAL SCHOOLS:</b>					
Summer School - Instruction:					
Salaries of Teachers	\$ 22,640	\$ (25)	\$ 22,615	\$ 21,224	\$ 1,391
Other Purchased Services (400-500 series)		25	25	25	
<b>Total Summer School - Instruction</b>	<b>22,640</b>		<b>22,640</b>	<b>21,249</b>	<b>1,391</b>
Summer School - Support Services:					
Personal Services - Employee Benefits	1,760		1,760	1,624	136
<b>Total Summer School - Support Services</b>	<b>1,760</b>		<b>1,760</b>	<b>1,624</b>	<b>136</b>
<b>Total Summer School</b>	<b>24,400</b>		<b>24,400</b>	<b>22,873</b>	<b>1,527</b>
Accredited Evening/Adult High School - Post-Graduate - Instruction:					
Salaries of Teachers	262,647	(22,065)	240,582	185,204	55,378
General Supplies	6,000		6,000	6,000	
Textbooks	500		500	500	
Other Objects	500		500	25	475
<b>Total Accredited Evening/Adult High School - Post-Graduate - Instruction</b>	<b>269,647</b>	<b>(22,065)</b>	<b>247,582</b>	<b>185,229</b>	<b>62,353</b>
Accredited Evening/Adult High School - Post-Graduate - Support Services:					
Salaries	52,388	(1,000)	51,388	51,036	352
Personal Services - Employee Benefits	42,948	1,700	44,648	34,017	10,631
Other Purchased Services (400-500 series)	7,000		7,000	1,404	5,596
<b>Total Accredited Evening/Adult High School - Post-Graduate - Support Services</b>	<b>102,336</b>	<b>700</b>	<b>103,036</b>	<b>86,457</b>	<b>16,579</b>
<b>Total Accredited Evening/Adult High School - Post-Graduate</b>	<b>371,983</b>	<b>(21,365)</b>	<b>350,618</b>	<b>271,686</b>	<b>78,932</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>SPECIAL SCHOOLS:</b>					
Vocational Evening - Local - Support Services:					
Salaries	\$ 49,047	\$ 5,500	\$ 54,547	\$ 54,469	\$ 78
Personal Services - Employee Benefits	31,437	15,865	47,302	45,165	2,137
Other Purchased Services (400-500 series)	11,000		11,000	1,000	10,000
Supplies and Materials	3,000		3,000	1,370	1,630
<b>Total Vocational Evening - Local - Support Services</b>	<b>94,484</b>	<b>21,365</b>	<b>115,849</b>	<b>102,004</b>	<b>13,845</b>
<b>Total Vocational Evening - Local</b>	<b>94,484</b>	<b>21,365</b>	<b>115,849</b>	<b>102,004</b>	<b>13,845</b>
<b>TOTAL SPECIAL SCHOOLS</b>	<b>490,867</b>		<b>490,867</b>	<b>396,563</b>	<b>94,304</b>
<b>TOTAL EXPENDITURES</b>	<b>66,690,781</b>	<b>65,000</b>	<b>66,755,781</b>	<b>72,661,924</b>	<b>(5,906,143)</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>(1,084,381)</b>	<b>(65,000)</b>	<b>(1,149,381)</b>	<b>1,884,918</b>	<b>3,034,299</b>
<b>OTHER FINANCING USES:</b>					
Transfers In:					
Capital Projects Fund:					
Capital Reserve - Unexpended Project Balances				1,200,692	1,200,692
Unexpended Project Balances				137,427	137,427
Operating Transfer In - Adult Continuing Education Enterprise Fund				16,097	16,097
Transfers Out:					
Capital Projects Fund - Capital Reserve	(569,000)	(1,218,200)	(1,787,200)	(1,787,200)	
Total Other Financing Uses	(569,000)	(1,218,200)	(1,787,200)	(432,984)	1,354,216

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under)  
Expenditures and Other Financing Uses

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
	\$ (1,653,381)	\$ (1,283,200)	\$ (2,936,581)	\$ 1,451,934	\$ 4,388,515
Fund Balance, July 1	3,693,984		3,693,984	3,693,984	
Fund Balance, June 30	\$ 2,040,603	\$ (1,283,200)	\$ 757,403	\$ 5,145,918	\$ 4,388,515

Recapitulation of Fund Balance at June 30, 2018:

Restricted:	
Capital Reserve	\$ 3,938,081
Maintenance Reserve	212,176
Assigned - Designated for Subsequent Year's Expenditures	523,000
Unassigned	472,661
Total Fund Balance - Budgetary Basis	5,145,918
Reconciliation to Governmental Fund Statements (GAAP):	
June State Aid Payments not recognized on GAAP Basis	(740,871)
Fund Balance per Governmental Fund on (Exhibit B-2)	\$ 4,405,047

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources		\$ 14,133	\$ 14,133	\$ 7,468	\$ (6,665)
State Sources	\$ 241,666	48,277	289,943	287,312	(2,631)
Federal Sources	590,141	345,083	935,224	797,733	(137,491)
<b>Total Revenues</b>	<b>831,807</b>	<b>407,493</b>	<b>1,239,300</b>	<b>1,092,513</b>	<b>(146,787)</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Personal Services - Salaries	47,749	(2,205)	45,544	45,544	
Purchased Professional - Educational Services		227,436	227,436	225,217	2,219
Other Purchased Services	476,950	112,246	589,196	507,569	81,627
General Supplies	11,024	38,621	49,645	42,576	7,069
Textbooks	24,439	1,034	25,473	25,473	
<b>Total Instruction</b>	<b>560,162</b>	<b>377,132</b>	<b>937,294</b>	<b>846,379</b>	<b>90,915</b>
<b>Support Services:</b>					
Personal Services - Salaries	23,058	24,633	47,691	46,961	730
Personal Services - Employee Benefits	832	12,202	13,034	12,972	62
Purchased Professional - Educational Services	206,211	(72,973)	133,238	79,691	53,547
Other Purchased Services	20,344	55,984	76,328	76,303	25
Supplies and Materials	21,200	10,515	31,715	30,207	1,508
<b>Total Support Services</b>	<b>271,645</b>	<b>30,361</b>	<b>302,006</b>	<b>246,134</b>	<b>55,872</b>
<b>Total Expenditures</b>	<b>831,807</b>	<b>407,493</b>	<b>1,239,300</b>	<b>1,092,513</b>	<b>146,787</b>
<b>Excess of Revenues Over Expenditures</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE

NOTE TO RSI

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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	\$ 74,546,842	\$ 1,092,513
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	723,299	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(740,871)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 74,529,270	\$ 1,092,513
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 72,661,924	\$ 1,092,513
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 72,661,924	\$ 1,092,513

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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018

	Elementary and Secondary Education Act				IDEA Basic
	Title I	Title II, Part A	Title III	Title III Immigrant	
<b>REVENUE:</b>					
Local Sources					
State Sources					
Federal Sources	\$ 173,411	\$ 14,761	\$ 9,958	\$ 2,343	\$ 10,000
<b>Total Revenue</b>	<b>173,411</b>	<b>14,761</b>	<b>9,958</b>	<b>2,343</b>	<b>10,000</b>
<b>EXPENDITURES:</b>					
Instruction:					
Personal Services - Salaries	45,494				
Purchased Professional - Educational Services					10,000
Other Purchased Services					507,569
General Supplies	16,675		9,083		
Textbooks					
<b>Total Instruction</b>	<b>62,169</b>		<b>9,083</b>		<b>10,000</b>
Support Services:					
Personal Services - Salaries	25,691	13,081		2,189	
Personal Services - Employee Benefits	11,591	1,223		154	
Purchased Professional - Educational Services					79,691
Other Purchased Services	73,960		875		
Supplies and Materials		457			
<b>Total Support Services</b>	<b>111,242</b>	<b>14,761</b>	<b>875</b>	<b>2,343</b>	<b>79,691</b>
<b>Total Expenditures</b>	<b>\$ 173,411</b>	<b>\$ 14,761</b>	<b>\$ 9,958</b>	<b>\$ 2,343</b>	<b>\$ 10,000</b>
					<b>\$ 587,260</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	NJ Nonpublic					
	Auxiliary Services (Chapter 192)			Handicapped Services (Chapter 193)		
	Local Grants	Home Instruction	Compensatory Education	Corrective Speech	Examination & Classification	Supplementary Instruction
<b>REVENUE:</b>						
Local Sources	\$ 7,468					
State Sources		\$ 54	\$ 55,896	\$ 1,518	\$ 57,349	\$ 55,349
Federal Sources						
<b>Total Revenue</b>	<b>7,468</b>	<b>54</b>	<b>55,896</b>	<b>1,518</b>	<b>57,349</b>	<b>55,349</b>
<b>EXPENDITURES:</b>						
Instruction:						
Personal Services - Salaries		50				
Purchased Professional - Educational Services			55,896	1,518	57,349	55,349
Other Purchased Services						
General Supplies						
Textbooks						
<b>Total Instruction</b>		<b>50</b>	<b>55,896</b>	<b>1,518</b>	<b>57,349</b>	<b>55,349</b>
Support Services:						
Personal Services - Salaries	6,000					
Personal Services - Employee Benefits		4				
Purchased Professional - Educational Services						
Other Purchased Services	1,468					
Supplies and Materials						
<b>Total Support Services</b>	<b>7,468</b>	<b>4</b>				
<b>Total Expenditures</b>	<b>\$ 7,468</b>	<b>\$ 54</b>	<b>\$ 55,896</b>	<b>\$ 1,518</b>	<b>\$ 57,349</b>	<b>\$ 55,349</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	NJ Nonpublic				Totals
	Security Aid	Technology	Textbooks	Nursing	June 30, 2018
<b>REVENUE:</b>					
Local Sources					\$ 7,468
State Sources	29,750	\$ 16,818	\$ 25,473	\$ 45,105	287,312
Federal Sources					797,733
<b>Total Revenue</b>	<u>29,750</u>	<u>16,818</u>	<u>25,473</u>	<u>45,105</u>	<u>1,092,513</u>
<b>EXPENDITURES:</b>					
Instruction:					
Personal Services - Salaries					45,544
Purchased Professional - Educational Services				45,105	225,217
Other Purchased Services					507,569
General Supplies		16,818			42,576
Textbooks			25,473		25,473
<b>Total Instruction</b>		<u>16,818</u>	<u>25,473</u>	<u>45,105</u>	<u>846,379</u>
Support Services:					
Personal Services - Salaries					46,961
Personal Services - Employee Benefits					12,972
Purchased Professional - Educational Services					79,691
Other Purchased Services					76,303
Supplies and Materials	29,750				30,207
<b>Total Support Services</b>	<u>29,750</u>				<u>246,134</u>
<b>Total Expenditures</b>	<u>\$ 29,750</u>	<u>\$ 16,818</u>	<u>\$ 25,473</u>	<u>\$ 45,105</u>	<u>\$ 1,092,513</u>

**CAPITAL PROJECTS FUND**

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, 2018

Revenue and Other Financing Sources:	
State Sources - SDA Grant	\$ (170,859)
Transfer from Capital Reserve	1,787,200
Interest Revenue	<u>35,613</u>
Total Revenue and Other Financing Sources	<u>1,651,954</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	111,627
Construction Services	3,941,581
Miscellaneous Expenditures	3,152
Transfers Out:	
General Fund:	
Capital Reserve - Unexpended Project Balances	1,200,692
Unexpended Project Balances	137,427
Debt Service Fund:	
Interest Earned	<u>35,613</u>
Total Expenditures and Other Financing Uses	<u>5,430,092</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(3,778,138)
Fund Balance - Beginning	<u>6,862,319</u>
Fund Balance - Ending	<u>\$ 3,084,181</u>
<u>Recapitulation of Fund Balance at June 30, 2018:</u>	
Committed Fund Balance (Budgetary Basis)	\$ 3,084,181
Reconciliation to Governmental Funds Statement (GAAP):	
SDA Grant Revenue not Recognized on the GAAP Basis	<u>(1,714,720)</u>
Fund Balance per Governmental Funds (GAAP Basis)	<u>\$ 1,369,461</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
MORRIS KNOLLS HIGH SCHOOL ASBESTOS REMOVAL AND LIBRARY REMODEL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 464,146	\$ 464,146	\$ 464,146
Total Revenue and Other Financing Sources	\$ - 0 -	464,146	464,146	464,146
Expenditures:				
Construction Services		389,447	389,447	464,146
Total Expenditures	-0-	389,447	389,447	464,146
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 74,699	\$ 74,699	\$ -0-

## Additional Project Information:

Project Number	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 475,000
Additional Authorization	\$ -0-
Transfers	\$ (10,854)
Change Orders	\$ -0-
Revised Authorized Cost	\$ 464,146
Change Order Percentage	0.00%
Percentage Completion	83.91%
Original Target Completion Date	August 2018



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
MORRIS KNOLLS HIGH SCHOOL PERFORMING ARTS ACADEMY CLASSROOMS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 921,600	\$ 921,600	\$ 921,600
Total Revenue and Other Financing Sources	\$ - 0 -	921,600	921,600	921,600
Expenditures:				
Purchased Professional and Technical Services		25,310	25,310	30,400
Construction Services		325,997	325,997	888,000
Miscellaneous Expenditures		3,152	3,152	3,200
Total Expenditures	-0-	354,459	354,459	921,600
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 567,141	\$ 567,141	\$ -0-

Additional Project Information:

Project Number	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 730,000
Additional Authorization	\$ 191,600
Change Orders	\$ -0-
Revised Authorized Cost	\$ 921,600
Change Order Percentage	0.00%
Percentage Completion	38.46%
Original Target Completion Date	August 2018

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
MORRIS KNOLLS HIGH SCHOOL SPECIAL EDUCATION CLASSROOMS AND A.D. AREA  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 307,454	\$ 307,454	\$ 307,454
Total Revenue and Other Financing Sources	\$ - 0 -	307,454	307,454	307,454
Expenditures:				
Purchased Professional and Technical Services		15,294	15,294	17,000
Construction Services		60,185	60,185	290,454
Total Expenditures	-0-	75,479	75,479	307,454
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 231,975	\$ 231,975	\$ -0-

## Additional Project Information:

Project Number	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 296,600
Additional Authorization	\$ -0-
Transfers	\$ 10,854
Change Orders	\$ -0-
Revised Authorized Cost	\$ 307,454
Change Order Percentage	0.00%
Percentage Completion	24.55%
Original Target Completion Date	August 2018

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
MORRIS HILLS HIGH SCHOOL ASBESTOS REMOVAL AND VAT/CARPET REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 36,292	36,292	\$ 36,292
Total Revenue and Other Financing Sources	\$ - 0 -	36,292	36,292	36,292
Expenditures:				
Construction Services		36,292	36,292	36,292
Total Expenditures	-0-	36,292	36,292	36,292
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Additional Project Information:

Project Number(s)	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 94,000
Unexpended - Returned to Capital Reserve	\$ (57,708)
Change Orders	\$ -0-
Revised Authorized Cost	\$ 36,292
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	October 2017
Revised Target Completion Date	October 2017

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, 2018

	Prior Periods	Current Year	Totals	Project Authorization
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	28,160		28,160	70,750
Construction Services				561,000
Total Expenditures	28,160	-0-	28,160	631,750
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 603,590	\$ -0-	\$ 603,590	\$ -0-

## 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 2019

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, 2018

	<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	<u>1,014,513</u>	<u>\$ - 0 -</u>	<u>1,014,513</u>	<u>1,014,513</u>
Expenditures:				
Purchased Professional and Technical Services	56,608	13,007	69,615	80,916
Construction Services		39,357	39,357	933,597
Total Expenditures	<u>56,608</u>	<u>52,364</u>	<u>108,972</u>	<u>1,014,513</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 957,905</u>	<u>\$ (52,364)</u>	<u>\$ 905,541</u>	<u>\$ -0-</u>
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	10.74%			
Original Target Completion Date	June 2017			
Revised Target Completion Date	December 2018			

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, 2018

	Prior Periods	Current Year	Totals	Project Authorization
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
<b>Total Revenue and Other Financing Sources</b>	<b>2,640,538</b>	<b>\$ - 0 -</b>	<b>2,640,538</b>	<b>2,640,538</b>
Expenditures:				
Purchased Professional and Technical Services	158,146	33,326	191,472	276,612
Construction Services	43,267	1,704,564	1,747,831	2,363,926
<b>Total Expenditures</b>	<b>201,413</b>	<b>1,737,890</b>	<b>1,939,303</b>	<b>2,640,538</b>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 2,439,125</u>	<u>\$(1,737,890)</u>	<u>\$ 701,235</u>	<u>\$ -0-</u>

## 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	73.44%
Original Target Completion Date	June 2017
Revised Target Completion Date	December 2018

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
MORRIS HILLS HIGH SCHOOL WHEELCHAIR LIFT INSTALLATION  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 30,000	\$ (6,714)	\$ 23,286	\$ 23,286
Total Revenue and Other Financing Sources	30,000	(6,714)	23,286	23,286
Expenditures:				
Construction Services	23,286		23,286	23,286
Total Expenditures	23,286	-0-	23,286	23,286
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 6,714	\$ (6,714)	\$ -0-	\$ -0-

## Additional Project Information:

Project Number	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 30,000
Unexpended - Returned to Capital Reserve	\$ (6,714)
Change Orders	\$ -0-
Revised Authorized Cost	\$ 23,286
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 2017
Revised Target Completion Date	August 2017

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  
MORRIS HILLS HIGH SCHOOL TENNIS COURTS RESURFACING,  
CONCESSION STAND AND LAVATORY REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Project</u> <u>Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 5,310,700	\$ (934,670)	\$ 4,376,030	\$ 4,376,030
Total Revenue and Other Financing Sources	<u>5,310,700</u>	<u>(934,670)</u>	<u>4,376,030</u>	<u>4,376,030</u>
Expenditures:				
Purchased Professional and Technical Services	221,125	20,184	241,309	241,309
Construction Services	<u>3,013,147</u>	<u>1,121,574</u>	<u>4,134,721</u>	<u>4,134,721</u>
Total Expenditures	<u>3,234,272</u>	<u>1,141,758</u>	<u>4,376,030</u>	<u>4,376,030</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 2,076,428</u>	<u>\$(2,076,428)</u>	<u>\$ -0-</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	\$ 2,348,000			
Unexpended - Returned to Capital Reserve	\$ (934,670)			
Change Orders	\$ -0-			
Revised Authorized Cost	\$ 4,376,030			
Change Order Percentage	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	December 2013			
Revised Target Completion Date	June 2018			



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, 2018

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 134,640	\$ (65,667)	\$ 68,973	\$ 68,973
Transfer from Capital Reserve	201,960	(98,429)	103,531	103,531
Total Revenue and Other Financing Sources	336,600	(164,096)	172,504	172,504
Expenditures:				
Purchased Professional and Technical Services	27,704		27,704	27,704
Construction Services	144,800		144,800	144,800
Total Expenditures	172,504	-0-	172,504	172,504
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 164,096	\$ (164,096)	\$ -0-	\$ -0-

## 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-
Unexpended - SDA Grant Canceled	\$ (65,667)
Unexpended - Returned to Capital Reserve	\$ (98,429)
Revised Authorized Cost	\$ 172,504
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 2016
Revised Target Completion Date	December 2017

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, 2018

	Prior Periods	Current Year	Totals	Revised Project Authorization
<b>Revenue and Other Financing Sources:</b>				
State Sources - SDA Grant	\$ 134,640	\$ (5,851)	\$ 128,789	\$ 128,789
Transfer from Capital Reserve	201,960	(8,733)	193,227	193,227
<b>Total Revenue and Other Financing Sources</b>	<b>336,600</b>	<b>(14,584)</b>	<b>322,016</b>	<b>322,016</b>
<b>Expenditures:</b>				
Purchased Professional and Technical Services	28,776		28,776	28,776
Construction Services	290,000	3,240	293,240	293,240
<b>Total Expenditures</b>	<b>318,776</b>	<b>3,240</b>	<b>322,016</b>	<b>322,016</b>
<b>Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures</b>	<b>\$ 17,824</b>	<b>\$ (17,824)</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

**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-
Unexpended - SDA Grant Canceled	\$ (5,851)
Unexpended - Returned to Capital Reserve	\$ (8,733)
Revised Authorized Cost	\$ 336,600
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 2016
Revised Target Completion Date	December 2017

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, 2018

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 113,208	\$ (7,723)	\$ 105,485	\$ 105,485
Transfer from Capital Reserve	169,812	(11,585)	158,227	158,227
Total Revenue and Other Financing Sources	283,020	(19,308)	263,712	263,712
Expenditures:				
Purchased Professional and Technical Services	23,712		23,712	23,712
Construction Services	240,000		240,000	240,000
Total Expenditures	263,712	-0-	263,712	263,712
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 19,308</u>	<u>\$ (19,308)</u>	<u>\$ -0-</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-
Unexpended - SDA Grant Canceled	\$ (7,723)
Unexpended - Returned to Capital Reserve	\$ (11,585)
Revised Authorized Cost	\$ 263,712
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 2016
Revised Target Completion Date	August 2017

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
MORRIS HILLS HIGH SCHOOL ACADEMY ROOF REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<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	\$ 483,840	\$ (73,690)	\$ 410,150	\$ 410,150
Total Revenue and Other Financing Sources	<u>483,840</u>	<u>(73,690)</u>	<u>410,150</u>	<u>410,150</u>
Expenditures:				
Purchased Professional and Technical Services	27,812	3,493	31,305	31,305
Construction Services	326,135	52,710	378,845	378,845
Total Expenditures	<u>353,947</u>	<u>56,203</u>	<u>410,150</u>	<u>410,150</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 129,893</u>	<u>\$ (129,893)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number(s)	Not Applicable			
Grant Date	Not Applicable			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 483,840			
Change Orders	\$ -0-			
Unexpended - Returned to Capital Reserve	\$ (73,690)			
Revised Authorized Cost	\$ 410,150			
Change Order Percentage	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	June 2017			
Revised Target Completion Date	August 2017			

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
MORRIS HILLS HIGH SCHOOL CLASSROOM REMODEL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<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	\$ 125,000	\$ (9,163)	\$ 115,837	\$ 115,837
Total Revenue and Other Financing Sources	<u>125,000</u>	<u>(9,163)</u>	<u>115,837</u>	<u>115,837</u>
Expenditures:				
Purchased Professional and Technical Services	10,524	1,013	11,537	11,537
Construction Services	<u>64,695</u>	<u>39,605</u>	<u>104,300</u>	<u>104,300</u>
Total Expenditures	<u>75,219</u>	<u>40,618</u>	<u>115,837</u>	<u>115,837</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 49,781</u>	<u>\$ (49,781)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number(s)	Not Applicable			
Grant Date	Not Applicable			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 125,000			
Change Orders	\$ -0-			
Unexpended - Returned to Capital Reserve	\$ (9,163)			
Revised Authorized Cost	\$ 115,837			
Change Order Percentage	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	June 2017			
Revised Target Completion Date	August 2017			

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, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 618,239	\$ (23,214)	\$ 595,025	\$ 595,025
Capital Lease Proceeds	927,358	(34,820)	892,538	892,538
Total Revenue and Other Financing Sources	<u>1,545,597</u>	<u>(58,034)</u>	<u>1,487,563</u>	<u>1,487,563</u>
Expenditures:				
Purchased Professional and Technical Services	99,563		99,563	99,563
Construction Services	1,290,660	97,340	1,388,000	1,388,000
Total Expenditures	<u>1,390,223</u>	<u>97,340</u>	<u>1,487,563</u>	<u>1,487,563</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 155,374</u>	<u>\$ (155,374)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

## 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-
Unexpended - SDA Grant Canceled	\$ (23,214)
Unexpended - Returned to Capital Reserve	\$ (34,820)
Revised Authorized Cost	\$ 1,487,563
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 2017
Revised Target Completion Date	August 2017

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, 2018

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 438,722	\$ (68,404)	\$ 370,318	\$ 370,318
Capital Lease Proceeds	658,084	(102,607)	555,477	555,477
Total Revenue and Other Financing Sources	1,096,806	(171,011)	925,795	925,795
Expenditures:				
Purchased Professional and Technical Services	81,795		81,795	81,795
Construction Services	772,730	71,270	844,000	844,000
Total Expenditures	854,525	71,270	925,795	925,795
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 242,281	\$ (242,281)	\$ -0-	\$ -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-
Unexpended - SDA Grant Canceled	\$ (68,404)
Unexpended - Returned to Capital Reserve	\$ (102,607)
Revised Authorized Cost	\$ 925,795
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 2017
Revised Target Completion Date	August 2017

**PROPRIETARY FUNDS**



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
PROPRIETARY FUND  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2018

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Major Funds</u>			Total Enterprise Funds
	Food Service	Academy for Technology	Shared Services	
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 306,488	\$ 6,619		\$ 313,107
Receivable from:				
Federal Government	16,046			16,046
State Government	516			516
Receivables - Other			\$ 380,648	380,648
Inventories	16,935			16,935
<b>Total Current Assets</b>	<b>339,985</b>	<b>6,619</b>	<b>380,648</b>	<b>727,252</b>
Non-Current Assets:				
Capital Assets	550,234	1,002,113		1,552,347
Less: Accumulated Depreciation	(270,609)	(571,523)		(842,132)
<b>Total Non-Current Assets</b>	<b>279,625</b>	<b>430,590</b>		<b>710,215</b>
<b>Total Assets</b>	<b>619,610</b>	<b>437,209</b>	<b>380,648</b>	<b>1,437,467</b>
<b>LIABILITIES:</b>				
Current Liabilities:				
Interfund Payable - General Fund			379,508	379,508
Accounts Payable	59,900		1,140	61,040
Unearned Revenue - Prepaid Sales	25,747			25,747
<b>Total Current Liabilities</b>	<b>85,647</b>		<b>380,648</b>	<b>466,295</b>
<b>Total Liabilities</b>	<b>85,647</b>		<b>380,648</b>	<b>466,295</b>
<b>NET POSITION:</b>				
Investment in Capital Assets	279,625	430,590		710,215
Unrestricted	254,338	6,619		260,957
<b>Total Net Position</b>	<b>\$ 533,963</b>	<b>\$ 437,209</b>	<b>\$ -0-</b>	<b>\$ 971,172</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
PROPRIETARY FUND  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	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	426,151				\$ 426,151
Non-Reimbursable Programs	709,301				709,301
Total Daily Sales	1,135,452				1,135,452
Special Events	37,223				37,223
Tuition		\$ 1,117,800		\$ 35,708	1,153,508
Service Fees			\$ 1,275,740		1,275,740
<b>Total Operating Revenue</b>	<b>1,172,675</b>	<b>1,117,800</b>	<b>1,275,740</b>	<b>35,708</b>	<b>3,601,923</b>
Operating Expenses:					
Cost of Sales:					
Reimbursable	423,808				423,808
Non-Reimbursable	288,783				288,783
Total Cost of Sales	712,591				712,591
Salaries	401,109	839,301	856,180	2,153	2,098,743
Payroll Taxes	59,052	26,831	27,663	507	114,053
Employee Benefits	27,261	195,032	232,430		454,723
Purchased Professional - Educational Services			110,401	29,614	140,015
Purchased Property Services	151,951			3,434	155,385
Transportation		56,636			56,636
Supplies and Materials	47,237		49,066		96,303
Depreciation Expense	21,795	19,572			41,367
<b>Total Operating Expenses</b>	<b>1,420,996</b>	<b>1,137,372</b>	<b>1,275,740</b>	<b>35,708</b>	<b>3,869,816</b>
Operating Income/(Loss)	(248,321)	(19,572)	-0-	-0-	(267,893)
Non-Operating Revenue:					
Federal Sources:					
School Breakfast Program	51,121				51,121
National School Lunch Program	228,892				228,892
Food Distribution Program	48,038				48,038
State Sources - School Lunch Program	10,099				10,099
<b>Total Non-Operating Revenue</b>	<b>338,150</b>				<b>338,150</b>
Change in Net Position Before Transfer	89,829	(19,572)	-0-	-0-	70,257
Transfer Out - General Fund				(16,097)	(16,097)
Change in Net Position	89,829	(19,572)	-0-	(16,097)	54,160
Net Position - Beginning of Year	444,134	456,781	-0-	16,097	917,012
Net Position - End of Year	<b>\$ 533,963</b>	<b>\$ 437,209</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 971,172</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
PROPRIETARY FUND  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds				
	Major Funds	Non-Major Fund		Total Enterprise Funds	
Food Service	Academy for Technology	Shared Services	Adult Continuing Education		
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 1,182,760	\$ 1,117,800	\$ 909,366	\$ 35,708	\$ 3,245,634
Payments to Employees	(1,342,522)	(866,132)	(883,843)	(2,660)	(1,752,635)
Payments to Food Service Vendor	(5,817)	(251,668)	(30,483)	(33,340)	(1,342,522)
Payments to Suppliers	(165,579)	-0-	(4,960)	(292)	(170,831)
Net Cash Provided by/(Used for) Operating Activities	276,755				276,755
Cash Flows from Noncapital and Related Financing Activities:	9,982				9,982
Federal Subsidy Reimbursements					
State Subsidy Reimbursements					
Transfer Out - General Fund				(16,097)	(16,097)
Net Cash Provided by/(Used for) Noncapital and Related Financing Activities	286,737			(16,097)	270,640
Cash Flows from Capital and Related Financing Activities:	(83,468)				(83,468)
Purchase of Capital Assets					
Net Cash Used for Capital and Related Financing Activities	(83,468)	-0-	-0-	-0-	(83,468)
Net Increase/(Decrease) in Cash and Cash Equivalents	37,690	-0-	(4,960)	(16,389)	16,341
Cash and Cash Equivalents, July 1	268,798	6,619	4,960	16,389	296,766
Cash and Cash Equivalents, June 30	\$ 306,488	\$ 6,619	\$ -0-	\$ -0-	\$ 313,107

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
PROPRIETARY FUND  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

		Business-Type Activities - Enterprise Funds			
		Major Funds		Non-Major Fund	
Food Service	Technology	Academy for	Shared Services	Adult Continuing Education	Total Enterprise Funds
\$ (248,321)	\$ (19,572)	\$ -0-	\$ -0-	\$ -0-	\$ (267,893)
21,795	19,572				41,367
48,038					48,038
4,094		(366,374)			(362,280)
(4,899)					(4,899)
7,723		(3,819)		(292)	3,612
5,991		365,233			365,233
5,991					5,991
<u>\$ (165,579)</u>	<u>\$ -0-</u>	<u>\$ (4,960)</u>	<u>\$ (292)</u>	<u>\$ (292)</u>	<u>\$ (170,831)</u>

Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:  
 Operating Income/(Loss) Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:  
 Depreciation  
 Federal Food Distribution Program  
 Changes in Assets and Liabilities:  
 (Increase)/Decrease in Other Receivables  
 (Increase) in Inventory  
 Increase/(Decrease) in Accounts Payable  
 Increase in Interfund Payable  
 Increase in Unearned Revenue  
 Net Cash Provided by/(Used for) Operating Activities

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$48,038 for the fiscal year ended June 30, 2018.

**FIDUCIARY FUNDS**

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2018

	<u>Agency</u>			<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>		
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 354,803	\$ 45,451	\$ 400,254	\$ 127,994	\$ 413,687
Total Assets	<u>354,803</u>	<u>45,451</u>	<u>400,254</u>	<u>127,994</u>	<u>413,687</u>
<b>LIABILITIES:</b>					
Payroll Deductions and Withholdings		45,451	45,451		
Due to Student Groups	354,803		354,803		
Total Liabilities	<u>354,803</u>	<u>45,451</u>	<u>400,254</u>	<u>- 0 -</u>	<u>- 0 -</u>
<b>NET POSITION:</b>					
Held in Trust for: Unemployment Claims Scholarships				127,994	413,687
Total Net Position	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 127,994</u>	<u>\$ 413,687</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Unemployment Compensation Trust	Private Purpose Scholarship Trust
ADDITIONS:		
Contributions:		
Employee	\$ 138,523	
Donations		\$ 48,591
	138,523	48,591
Total Contributions	138,523	48,591
Investment Earnings:		
Interest	10	4,835
Net Investment Earnings	10	4,835
Total Additions	138,533	53,426
DEDUCTIONS:		
Unemployment Claims	134,939	
Scholarships Awarded		47,224
	134,939	47,224
Total Deductions	134,939	47,224
Change in Net Position	3,594	6,202
Net Position - Beginning of the Year	124,400	407,485
Net Position - End of the Year	\$ 127,994	\$ 413,687

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 341,903	\$ 373,802	\$ 360,902	\$ 354,803
Total Assets	<u>\$ 341,903</u>	<u>\$ 373,802</u>	<u>\$ 360,902</u>	<u>\$ 354,803</u>
<b>LIABILITIES:</b>				
Liabilities:				
Due to Student Groups	\$ 341,903	\$ 373,802	\$ 360,902	\$ 354,803
Total Liabilities	<u>\$ 341,903</u>	<u>\$ 373,802</u>	<u>\$ 360,902</u>	<u>\$ 354,803</u>



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
Senior High Schools:				
Morris Hills	\$ 137,695	\$ 151,795	\$ 153,797	\$ 135,693
Morris Knolls	199,482	219,062	205,537	213,007
District-Wide	<u>4,726</u>	<u>2,945</u>	<u>1,568</u>	<u>6,103</u>
Total All Schools	<u>\$ 341,903</u>	<u>\$ 373,802</u>	<u>\$ 360,902</u>	<u>\$ 354,803</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	<u>\$ 35,221</u>	<u>\$ 57,361,387</u>	<u>\$ 57,351,157</u>	<u>\$ 45,451</u>
Total Assets	<u><u>\$ 35,221</u></u>	<u><u>\$ 57,361,387</u></u>	<u><u>\$ 57,351,157</u></u>	<u><u>\$ 45,451</u></u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	<u>\$ 35,221</u>	<u>\$ 57,361,387</u>	<u>\$ 57,351,157</u>	<u>\$ 45,451</u>
Total Liabilities	<u><u>\$ 35,221</u></u>	<u><u>\$ 57,361,387</u></u>	<u><u>\$ 57,351,157</u></u>	<u><u>\$ 45,451</u></u>

**LONG-TERM DEBT**

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2018		Interest Rate	Balance June 30, 2017	Matured	Balance June 30, 2018	
			Date	Amount					
Refunding Bonds	03/28/12	\$ 28,230,000	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%				\$ 25,360,000
							\$ 25,360,000	\$ 1,500,000	\$ 23,860,000

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2017</u>	<u>Matured</u>	<u>Balance June 30, 2018</u>
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	<u>\$ 1,852,618</u>	<u>\$ 451,591</u>	<u>\$ 1,401,027</u>
			<u>\$ 1,852,618</u>	<u>\$ 451,591</u>	<u>\$ 1,401,027</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 2,583,270		\$ 2,583,270	\$ 2,583,270	
Total Revenues	<u>2,583,270</u>		<u>2,583,270</u>	<u>2,583,270</u>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	1,123,050		1,123,050	1,123,050	
Redemption of Principal	1,500,000		1,500,000	1,500,000	
Total Regular Debt Service	<u>2,623,050</u>		<u>2,623,050</u>	<u>2,623,050</u>	
Total Expenditures	<u>2,623,050</u>		<u>2,623,050</u>	<u>2,623,050</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(39,780)		(39,780)	(39,780)	
<b>Other Financing Sources:</b>					
Transfers In - Capital Projects Fund:					
Interest Earned				35,613	\$ 35,613
Total Other Financing Sources				<u>35,613</u>	<u>35,613</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(39,780)		(39,780)	(4,167)	35,613
Fund Balance, July 1	<u>51,919</u>		<u>51,919</u>	<u>51,919</u>	<u>- 0 -</u>
Fund Balance, June 30	<u>\$ 12,139</u>	<u>\$ - 0 -</u>	<u>\$ 12,139</u>	<u>\$ 47,752</u>	<u>\$ 35,613</u>
<b>Recapitulation of Fund Balance at June 30, 2018:</b>					
Restricted for Subsequent Year's Expenditures				\$ 39,780	
Restricted				<u>7,972</u>	
				<u>\$ 47,752</u>	

**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**

	<b><u>Exhibit</u></b>
<b>Financial Trends</b> 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
<b>Revenue Capacity</b> 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
<b>Debt Capacity</b> 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
<b>Demographic and Economic Information</b> 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
<b>Operating Information</b> 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.

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

	June 30,				
	2009	2010	2011	2012	2013
Governmental Activities:					
Net Investment (Deficit) in Capital Assets	\$ 11,069,730	\$ 9,464,042	\$ 9,471,239	\$ 11,190,521	\$ 10,349,720
Restricted	2,019,387	2,016,795	1,758,516	4,095,383	4,228,046
Unrestricted (Deficit)	<u>(1,947,179)</u>	<u>(3,045,007)</u>	<u>(1,922,767)</u>	<u>(4,671,212)</u>	<u>(4,926,074)</u>
Total Governmental Activities Net Position	<u>\$ 11,141,938</u>	<u>\$ 8,435,830</u>	<u>\$ 9,306,988</u>	<u>\$ 10,614,692</u>	<u>\$ 9,651,692</u>
Business-type Activities:					
Investment in Capital Assets Unrestricted	\$ 630,159	\$ 664,787	\$ 630,030	\$ 595,274	\$ 562,991
	<u>69,400</u>	<u>110,392</u>	<u>303,538</u>	<u>157,555</u>	<u>150,288</u>
Total Business-type Activities Net Position	<u>\$ 699,559</u>	<u>\$ 775,179</u>	<u>\$ 933,568</u>	<u>\$ 752,829</u>	<u>\$ 713,279</u>
District-wide:					
Net Investment in Capital Assets	\$ 11,699,889	\$ 10,128,829	\$ 10,101,269	\$ 11,785,795	\$ 10,912,711
Restricted	2,019,387	2,016,795	1,758,516	4,095,383	4,228,046
Unrestricted (Deficit)	<u>(1,877,779)</u>	<u>(2,934,615)</u>	<u>(1,619,229)</u>	<u>(4,513,657)</u>	<u>(4,775,786)</u>
Total District-wide Net Position	<u>\$ 11,841,497</u>	<u>\$ 9,211,009</u>	<u>\$ 10,240,556</u>	<u>\$ 11,367,521</u>	<u>\$ 10,364,971</u>
	June 30,				
	2014	2015	2016	2017	2018
Governmental Activities:					
Net Investment in Capital Assets	\$ 11,773,562	\$ 14,883,235	\$ 17,322,447	\$ 18,674,071	\$ 21,131,316
Restricted	1,652,071	2,356,403	3,573,668	2,577,638	4,198,009
Unrestricted (Deficit)	<u>(21,653,578)</u>	<u>(24,329,354)</u>	<u>(21,614,898)</u>	<u>(24,480,073)</u>	<u>(27,535,811)</u>
Total Governmental Activities Net Position (Deficit)	<u>\$ (8,227,945)</u>	<u>\$ (7,089,716)</u>	<u>\$ (718,783)</u>	<u>\$ (3,228,364)</u>	<u>\$ (2,206,486)</u>
Business-type Activities:					
Investment in Capital Assets Unrestricted	\$ 563,852	\$ 576,583	\$ 602,675	\$ 668,114	\$ 710,215
	<u>221,701</u>	<u>306,380</u>	<u>266,550</u>	<u>248,898</u>	<u>260,957</u>
Total Business-type Activities Net Position	<u>\$ 785,553</u>	<u>\$ 882,963</u>	<u>\$ 869,225</u>	<u>\$ 917,012</u>	<u>\$ 971,172</u>
District-wide:					
Net Investment in Capital Assets	\$ 12,337,414	\$ 15,459,818	\$ 17,925,122	\$ 19,342,185	\$ 21,841,531
Restricted	1,652,071	2,356,403	3,573,668	2,577,638	4,198,009
Unrestricted (Deficit)	<u>(21,431,877)</u>	<u>(24,022,974)</u>	<u>(21,348,348)</u>	<u>(24,231,175)</u>	<u>(27,274,854)</u>
Total District-wide Net Position (Deficit)	<u>\$ (7,442,392)</u>	<u>\$ (6,206,753)</u>	<u>\$ 150,442</u>	<u>\$ (2,311,352)</u>	<u>\$ (1,235,314)</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)*

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
<b>Instruction:</b>										
Regular	\$ 22,682,264	\$ 24,442,107	\$ 22,132,245	\$ 23,580,347	\$ 25,253,267	\$ 25,898,711	\$ 29,949,751	\$ 31,973,788	\$ 37,018,549	\$ 37,441,788
Special Education	3,720,890	4,390,107	4,005,649	4,572,377	4,507,524	4,691,075	5,359,840	5,524,463	6,328,897	6,942,610
Other Special Instruction	915,563	785,181	760,974	721,897	723,961	752,932	935,752	935,440	1,154,988	1,105,403
Vocational	25,400									
School-Sponsored Other Instruction	3,493,039	3,095,048	2,900,081	2,986,160	3,208,689	3,250,058	3,818,728	4,089,715	4,580,034	4,643,699
<b>Support Services:</b>										
Tuition	4,307,369	4,378,041	4,495,059	5,210,362	4,863,423	5,502,348	5,155,195	4,996,386	5,492,215	5,654,973
Student & Instruction Related Services	7,853,427	9,400,174	8,950,519	8,342,150	8,473,224	8,775,143	10,150,640	10,919,707	12,491,731	12,756,070
General Administration Services	1,053,677	679,982	797,148	889,261	978,211	985,538	997,602	967,219	1,903,353	1,939,439
School Administration Services	2,427,840	2,796,923	1,787,401	2,277,283	2,925,465	2,810,914	3,154,101	3,311,209	3,795,506	3,672,535
Central Services	1,013,144	1,004,378	1,080,776	1,188,886	1,216,783	1,226,266	1,274,972	1,141,510	1,455,283	1,286,315
Administrative Information Technology	93,827	272,347	336,435	349,853	617,062	545,629	707,388	698,091	964,766	879,762
Plant Operations and Maintenance	6,037,285	5,413,917	5,482,109	4,798,296	5,970,683	6,012,276	5,182,146	5,392,773	5,627,322	5,763,813
Pupil Transportation	3,492,296	3,713,188	4,115,382	4,135,401	4,375,236	4,567,508	4,760,225	4,963,127	5,327,176	5,789,216
Special Schools	994,381	570,194	511,287	400,370	450,443	467,116	555,695	640,370	621,651	612,908
Interest on Long-term Debt	1,876,599	1,489,917	1,448,966	1,327,692	1,271,775	1,148,334	1,096,240	1,086,027	1,021,722	969,472
Unallocated Depreciation	2,137,466	2,218,693	2,220,671	2,314,925	2,447,833	2,350,839	2,355,536	2,352,091	2,828,487	2,596,576
<b>Total Governmental Activities Expenses</b>	<b>62,124,467</b>	<b>64,650,197</b>	<b>61,024,702</b>	<b>63,095,260</b>	<b>67,283,579</b>	<b>68,984,687</b>	<b>75,453,811</b>	<b>78,991,916</b>	<b>90,611,680</b>	<b>92,054,579</b>
<b>Business-type Activities:</b>										
Food Service	853,251	877,132	901,624	953,281	898,184	841,724	1,039,193	1,220,669	1,322,694	1,420,996
Academy for Technology	1,099,572	1,137,372	1,130,754	1,137,372	1,137,372	1,137,372	1,137,373	1,137,372	1,137,372	1,137,372
Adult Continuing Education		183,751	171,109	189,211	152,500	130,007	160,274	83,718	62,568	35,708
Shared Services			897,490	1,264,426	1,083,415	1,164,571	1,271,496	1,249,402	1,326,921	1,275,740
<b>Total Business-type Activities Expenses</b>	<b>1,952,823</b>	<b>2,198,255</b>	<b>3,100,977</b>	<b>3,544,290</b>	<b>3,271,471</b>	<b>3,273,674</b>	<b>3,608,336</b>	<b>3,691,161</b>	<b>3,849,555</b>	<b>3,869,816</b>
<b>Total District-wide Expenses</b>	<b>\$ 64,077,290</b>	<b>\$ 66,848,452</b>	<b>\$ 64,125,679</b>	<b>\$ 66,639,550</b>	<b>\$ 70,555,050</b>	<b>\$ 72,258,361</b>	<b>\$ 79,062,147</b>	<b>\$ 82,683,077</b>	<b>\$ 94,461,235</b>	<b>\$ 95,924,395</b>

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
Instruction (Tuition)	\$ 269,017									
Operating Grants and Contributions	7,652,418	\$ 7,924,101	\$ 5,894,275	\$ 7,702,596	\$ 8,980,849	\$ 8,499,818	\$ 15,142,605	\$ 18,030,698	\$ 23,883,730	\$ 25,856,392
Capital Grants and Contributions	511,505	173,080	636,162	422,673			11,321			1,257,269
<b>Total Governmental Activities Program Revenues</b>	<b>8,432,940</b>	<b>8,097,181</b>	<b>6,530,437</b>	<b>8,125,269</b>	<b>8,980,849</b>	<b>8,499,818</b>	<b>15,153,926</b>	<b>18,030,698</b>	<b>23,883,730</b>	<b>27,113,661</b>
<b>Business-type Activities:</b>										
Charges for Services:										
Food Service	713,207	701,268	694,895	736,681	717,621	736,931	925,308	1,023,150	1,088,301	1,172,675
Academy for Technology	1,080,000	1,117,800	1,117,800	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	62,568	35,708
Shared Services			1,056,556	1,105,360	1,083,415	1,164,571	1,271,496	1,249,402	1,326,921	1,275,740
Operating Grants and Contributions	139,991	185,914	218,410	214,499	160,555	196,639	230,898	287,571	301,752	338,150
<b>Total Business-type Activities Revenues</b>	<b>1,933,198</b>	<b>2,204,375</b>	<b>3,259,366</b>	<b>3,363,551</b>	<b>3,231,921</b>	<b>3,345,948</b>	<b>3,705,746</b>	<b>3,761,500</b>	<b>3,897,342</b>	<b>3,940,073</b>
<b>Total District-wide Program Revenues</b>	<b>\$ 10,366,138</b>	<b>\$ 10,301,556</b>	<b>\$ 9,789,803</b>	<b>\$ 11,488,820</b>	<b>\$ 12,212,770</b>	<b>\$ 11,845,766</b>	<b>\$ 18,859,672</b>	<b>\$ 21,792,198</b>	<b>\$ 27,781,072</b>	<b>\$ 31,053,734</b>
<b>Net (Expense)/Revenue:</b>										
<b>Governmental Activities:</b>										
Business-type Activities	\$ (53,691,527)	\$ (56,553,016)	\$ (54,494,265)	\$ (54,969,991)	\$ (58,302,730)	\$ (60,484,869)	\$ (60,299,885)	\$ (60,961,218)	\$ (66,727,950)	\$ (64,940,918)
<b>Total District-wide Net (Expense)/Revenue</b>	<b>(19,625)</b>	<b>6,120</b>	<b>158,389</b>	<b>(180,739)</b>	<b>(39,550)</b>	<b>72,274</b>	<b>97,410</b>	<b>70,339</b>	<b>47,787</b>	<b>70,257</b>
	<b>\$ (53,711,152)</b>	<b>\$ (56,546,896)</b>	<b>\$ (54,335,876)</b>	<b>\$ (55,150,730)</b>	<b>\$ (58,342,280)</b>	<b>\$ (60,412,595)</b>	<b>\$ (60,202,475)</b>	<b>\$ (60,890,879)</b>	<b>\$ (66,680,163)</b>	<b>\$ (64,870,661)</b>

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 44,855,762	\$ 46,649,992	\$ 48,539,727	\$ 49,510,522	\$ 50,500,732	\$ 51,660,747	\$ 53,092,975	\$ 54,322,759	\$ 55,409,214	\$ 56,906,279
Taxes Levied for Debt Service	2,693,541	2,729,910	2,691,040	2,715,332	2,716,683	2,705,950	2,708,335	2,615,000	2,616,550	2,583,270
Unrestricted Grants and Contributions	3,905,398	4,011,895	3,771,122	3,770,140	4,186,366	5,280,609	5,300,269	5,531,590	5,556,684	5,625,623
Tuition	207,811	54,325	199,137	230,252	106,859	86,449	135,152	212,230	254,217	347,997
Investment Earnings	123,411	28,606	15,924	12,238	11,659	8,371	7,690	5,957	46,701	97,459
Miscellaneous Income	132,632	372,180	148,473	39,211	135,926	174,571	193,693	212,112	335,003	386,071
Transfers										16,097
<b>Total Governmental Activities General Revenues and Other Changes</b>	<b>51,918,555</b>	<b>53,846,908</b>	<b>55,365,423</b>	<b>56,277,695</b>	<b>57,658,225</b>	<b>59,916,697</b>	<b>61,438,114</b>	<b>62,899,648</b>	<b>64,218,369</b>	<b>65,962,796</b>
Business-type Activities:										
Special Item - Reappraisal of Capital Assets		69,500								(16,097)
Transfers										
<b>Total Business-type Activities General Revenues and Other Changes</b>	<b>-0-</b>	<b>69,500</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>(16,097)</b>
<b>Total District-wide General Revenues and Other Changes in Net Position</b>	<b>\$ 51,918,555</b>	<b>\$ 53,916,408</b>	<b>\$ 55,365,423</b>	<b>\$ 56,277,695</b>	<b>\$ 57,658,225</b>	<b>\$ 59,916,697</b>	<b>\$ 61,438,114</b>	<b>\$ 62,899,648</b>	<b>\$ 64,218,369</b>	<b>\$ 65,946,699</b>
<b>Change in Net Position:</b>										
Governmental Activities	\$ (1,772,972)	\$ (2,706,108)	\$ 871,158	\$ 1,307,704	\$ (644,505)	\$ (568,172)	\$ 1,138,229	\$ 1,938,430	\$ (2,509,581)	\$ 1,021,878
Business-type Activities	(19,625)	75,620	158,389	(180,739)	(39,550)	72,274	97,410	70,339	47,787	54,160
<b>Total District-wide Change in Net Position</b>	<b>\$ (1,792,597)</b>	<b>\$ (2,630,488)</b>	<b>\$ 1,029,547</b>	<b>\$ 1,126,965</b>	<b>\$ (684,055)</b>	<b>\$ (495,898)</b>	<b>\$ 1,235,639</b>	<b>\$ 2,008,769</b>	<b>\$ (2,461,794)</b>	<b>\$ 1,076,038</b>

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Reserved	\$ 403,210	\$ 500,090								
Unreserved	1,253,096	369,853								
Restricted			\$ 4,095,383	\$ 3,603,037	\$ 3,798,900	\$ 1,650,400	\$ 2,355,147	\$ 3,572,668	\$ 2,525,719	\$ 4,150,257
Assigned			400,000	300,000	923,000	623,000	568,117	623,000	444,966	254,790
Unassigned			404,722	436,693	338,199	228,126		68,812		
<b>Total General Fund</b>	<b>\$ 1,656,306</b>	<b>\$ 869,943</b>	<b>\$ 4,900,105</b>	<b>\$ 4,339,730</b>	<b>\$ 5,060,099</b>	<b>\$ 2,501,526</b>	<b>\$ 2,923,264</b>	<b>\$ 4,264,480</b>	<b>\$ 2,970,685</b>	<b>\$ 4,405,047</b>
All Other Governmental Funds:										
Reserved	\$ 746,400	\$ 259,852								
Unreserved, Reported in:										
Capital Projects Fund	831,532	1,211,217								
Debt Service Fund	38,245	45,636								
Restricted			\$ 507,076	\$ 492,346	\$ 429,146	\$ 1,671	\$ 1,256	\$ 1,000	\$ 51,919	\$ 47,752
Committed			585,339	204,484	45,475	1,188,155	1,274,481	4,234,025	3,719,471	1,369,461
<b>Total All Other Governmental Funds</b>	<b>\$ 1,616,177</b>	<b>\$ 1,516,705</b>	<b>\$ 1,092,415</b>	<b>\$ 696,830</b>	<b>\$ 474,621</b>	<b>\$ 1,189,826</b>	<b>\$ 1,275,737</b>	<b>\$ 4,235,025</b>	<b>\$ 3,771,390</b>	<b>\$ 1,417,213</b>
<b>Total Governmental Funds</b>	<b>\$ 3,272,483</b>	<b>\$ 2,386,648</b>	<b>\$ 5,992,520</b>	<b>\$ 5,036,560</b>	<b>\$ 5,534,720</b>	<b>\$ 3,691,352</b>	<b>\$ 4,199,001</b>	<b>\$ 8,499,505</b>	<b>\$ 6,742,075</b>	<b>\$ 5,822,260</b>

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Tax Levy	\$ 47,549,303	\$ 49,379,902	\$ 51,230,767	\$ 52,225,854	\$ 53,217,415	\$ 54,366,697	\$ 55,801,310	\$ 56,937,759	\$ 58,025,764	\$ 59,489,549
Tuition Charges	207,811	54,325	199,137	230,252	106,859	86,449	135,152	212,230	254,217	347,997
Interest Earnings	123,411	28,606	15,924	12,238	11,659	8,371	7,690	5,957	46,701	70,175
Miscellaneous	401,649	372,180	148,473	39,211	135,926	174,571	193,693	215,447	337,372	420,823
State Sources	11,394,530	10,331,413	9,441,921	10,721,957	12,396,251	13,009,516	13,725,833	15,035,062	16,028,899	18,368,764
Federal Sources	674,791	1,777,663	859,638	1,173,452	770,964	770,911	731,241	740,680	714,654	800,627
<b>Total Revenues</b>	<b>60,351,495</b>	<b>61,944,089</b>	<b>61,895,860</b>	<b>64,402,964</b>	<b>66,639,074</b>	<b>68,416,515</b>	<b>70,594,919</b>	<b>73,147,135</b>	<b>75,407,607</b>	<b>79,497,935</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	16,903,113	17,468,637	17,027,061	17,890,035	18,500,547	19,333,645	19,859,438	20,237,201	20,888,477	20,941,724
Special Education Instruction	2,816,272	2,972,390	3,135,176	3,461,026	3,428,011	3,434,926	3,578,399	3,521,797	3,660,412	3,896,610
Other Special Instruction	676,319	659,935	679,711	630,633	613,023	661,696	681,272	635,628	688,042	652,979
School-Sponsored Other Instruction	2,584,656	2,648,187	2,626,925	2,655,880	2,781,894	2,864,392	2,902,401	2,952,714	2,959,200	2,954,029
<b>Support Services:</b>										
Tuition	4,307,369	4,378,041	4,495,059	5,210,362	4,863,423	5,502,348	5,155,195	4,996,386	5,492,215	5,654,973
Student & Instruction Related Services	6,193,134	6,454,804	6,363,896	5,922,559	5,776,167	6,206,811	6,484,947	6,615,897	6,894,417	6,965,098
General Administration Services	902,538	803,191	835,474	835,692	911,681	954,239	864,209	852,100	881,745	916,578
School Administration Services	1,692,752	1,733,794	1,574,246	1,704,511	1,985,051	2,122,877	1,976,936	2,010,456	2,009,009	1,959,709
Central Services	781,665	759,778	840,518	888,915	899,428	960,082	993,118	935,556	1,198,841	1,070,358
Administrative Information Technology	93,672	203,083	273,944	283,277	510,763	450,595	489,631	527,339	782,055	649,318
Plant Operations and Maintenance	5,422,735	4,456,964	4,288,028	3,683,888	3,770,765	4,087,590	4,034,861	3,935,050	4,114,079	4,416,871
Pupil Transportation	2,823,732	3,085,385	3,120,105	2,979,435	3,183,161	3,410,958	3,671,722	3,688,678	3,906,715	4,618,275
Allocated Benefits	11,054,376	6,192,299	7,845,437	8,222,549	8,762,988	8,786,311	8,432,827	8,573,967	8,665,749	9,089,461
Unallocated Benefits	483,405	1,286,342	2,697,160	856,633	1,656,119	3,540,031	2,290,863	2,015,530	4,557,772	5,178,210
Capital Outlay	788,055	562,123	451,488	359,325	392,941	419,423	423,859	463,233	407,309	396,563
Special Schools										
Debt Service:										
Principal	1,190,000	1,230,000	1,270,000	1,310,000	1,360,000	1,410,000	1,470,000	1,420,000	1,450,000	1,500,000
Interest and Other Charges	1,886,268	1,499,910	1,459,285	1,415,723	1,359,537	1,297,450	1,239,850	1,196,250	1,167,550	1,123,050
<b>Total Expenditures</b>	<b>60,600,061</b>	<b>63,297,249</b>	<b>62,489,331</b>	<b>62,514,981</b>	<b>66,140,914</b>	<b>70,259,883</b>	<b>70,087,270</b>	<b>71,146,631</b>	<b>77,165,037</b>	<b>80,433,847</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(248,566)</b>	<b>(1,353,160)</b>	<b>(593,471)</b>	<b>1,887,983</b>	<b>498,160</b>	<b>(1,843,368)</b>	<b>507,649</b>	<b>2,000,504</b>	<b>(1,757,430)</b>	<b>(935,912)</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

UNAUDITED  
(Modified Accrual Basis of Accounting)

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing Sources (Uses):										
Capital Lease Proceeds		\$ 467,325	\$ 1,355,400					\$ 2,300,000		
Capital Leases (Non-Budgeted)										
Transfers In	\$ 413,245	651,284	3,354	\$ 555,651	\$ 1,702,067	\$ 2,987,856	\$ 1,153,882	1,479,467	\$ 2,890,598	\$ 3,177,029
Transfers Out	(413,245)	(651,284)	(3,354)	(555,651)	(1,702,067)	(2,987,856)	(1,153,882)	(1,479,467)	(2,890,598)	(3,160,932)
Total Other Financing Sources (Uses)	- 0 -	467,325	1,355,400	- 0 -	- 0 -	- 0 -	- 0 -	2,300,000	- 0 -	16,097
Net Change in Fund Balances	\$ (248,566)	\$ (885,835)	\$ 761,929	\$ 1,887,983	\$ 498,160	\$ (1,843,368)	\$ 507,649	\$ 4,300,504	\$ (1,757,430)	\$ (919,815)
Debt Service as a Percentage of Noncapital Expenditures	5.12%	4.40%	4.56%	4.42%	4.22%	4.06%	4.00%	3.75%	3.57%	3.46%

Source: Morris Hills Regional School District Financial Reports.

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
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
2017	34,562	254,217	28,603	*	266,620	584,002
2018	61,846	347,997	29,143	*	356,928	795,914

\* - The Adult Continuing Education Program was reported as an Enterprise Fund effective for the fiscal year ended June 30, 2010.

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 <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
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
2016*	39,986,400	2,422,594,000	4,869,400	61,200	485,899,900	97,249,100	14,896,000	3,065,556,000	-0-	3,065,556,000	265,875,000	0.71	3,375,616,140
2017	45,669,600	2,424,023,800	4,869,400	79,900	485,680,300	97,846,100	14,896,000	3,073,065,100	-0-	3,073,065,100	268,916,600	0.73	3,300,059,059

ROCKAWAY BOROUGH

Year End Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
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	0.75	849,680,286
2016	6,698,100	565,692,330	-0-	-0-	153,560,925	31,102,600	22,816,100	779,870,055	92	779,870,147	74,113,150	0.76	840,700,393
2017	6,308,400	567,433,330	-0-	1,700	153,269,525	29,990,700	22,816,100	779,819,755	92	779,819,847	74,125,150	0.79	904,562,353

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  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
UNAUDITED

ROCKAWAY TOWNSHIP

Year End Dec. 31,	Farm							Total Assessed Value	Add: Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
	Vacant Land	Residential	Farm Regular	Qualified	Commercial	Industrial	Apartment						
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
2016	58,034,200	2,679,043,700	8,587,100	204,600	568,030,800	206,419,700	58,934,000	3,579,254,100	-0-	3,579,254,100	409,692,400	0.72	3,846,774,464
2017	55,226,400	2,696,621,000	8,587,100	185,500	568,456,100	205,161,400	58,846,400	3,593,083,900	-0-	3,593,083,900	413,450,900	0.73	3,969,743,155

WHARTON BOROUGH

Year End Dec. 31,	Farm							Total Assessed Value	Add: Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
	Vacant Land	Residential	Farm Regular	Qualified	Commercial	Industrial	Apartment						
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
2016	12,991,500	431,891,600	581,100	4,000	92,517,600	96,320,200	22,465,700	656,771,700	-0-	656,771,700	97,154,200	0.61	663,528,365
2017	12,993,400	434,199,800	581,100	4,000	92,741,300	98,448,800	22,649,900	661,618,300	-0-	661,618,300	101,972,200	0.63	668,396,422

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 <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct Rate	Denville Township	Denville Township Public Schools	Morris County	
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
2016 *	0.68 *	0.03 *	0.71 *	0.48 *	0.92 *	0.28 *	2.39 *
2017	0.70	0.03	0.73	0.48	0.95	0.28	2.44

ROCKAWAY BOROUGH

Year Ended Dec. 31,	Morris Hills Regional School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct Rate	Rockaway Borough	Rockaway Borough Public Schools	Morris County	
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	0.70	0.05	0.75	0.79	0.98	0.28	2.80
2016	0.73	0.03	0.76	0.81	1.00	0.28	2.85
2017	0.75	0.04	0.79	0.82	1.03	0.30	2.94

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 <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct Rate	Rockaway Township	Rockaway Township Public Schools	Morris County	
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
2016	0.69	0.03	0.72	0.87	1.22	0.27	3.08
2017	0.70	0.03	0.73	0.87	1.23	0.29	3.12

WHARTON BOROUGH

Year Ended Dec. 31,	Morris Hills Regional School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct Rate	Wharton Borough	Wharton Borough Public Schools	Morris County	
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
2016	0.58	0.03	0.61	0.78	1.36	0.26	3.01
2017	0.60	0.03	0.63	0.79	1.38	0.26	3.06

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.

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

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

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

DENVILLE TOWNSHIP

Taxpayer	2017		2008	
	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	2.93%		
Shoppers at Union Hill	33,896,000	1.10%	\$ 21,966,000	0.97%
Springpoint at Denville, Inc.	33,311,200	1.08%		
Tamara Enterprises	18,345,000	0.60%	14,725,000	0.65%
Rockaway River Country Club	12,711,600	0.41%	8,448,600	0.37%
TEJ Denville Hospitality LLC	10,710,000	0.35%		
Pinefield Manor LLC	9,758,000	0.32%		
Denville West Main, LLC	9,571,000	0.31%		
Individual Taxpayer #1	8,905,000	0.29%	8,900,000	0.39%
Ford 66 LLC	7,860,000	0.26%		
St. Francis Life Care Corp			47,650,000	2.10%
WP Properties, LLC			5,700,000	0.25%
Verizon			5,460,388	0.24%
Denville Station, LLC			5,351,000	0.24%
WP Properties, LLC			5,200,000	0.23%
Morris 400, LLC			5,000,000	0.22%
Total	<u>\$ 235,253,700</u>	<u>7.65%</u>	<u>\$ 128,400,988</u>	<u>5.66%</u>

Note: A reassessment/reevaluation was effective in 2016 in Denville Township.

ROCKAWAY BOROUGH

Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Rockaway Commons, LLC	\$ 12,500,000	1.60%	\$ 12,278,828	1.59%
Conn. Storage Dept. PT NJ	6,704,000	0.86%		
Highway Enterprises, Inc.	6,400,000	0.82%	8,002,000	1.04%
HS Gardens, LLC	4,983,000	0.64%	6,625,000	0.86%
WithInvestors Rockaway, LLC	4,640,000	0.60%		
E & W Realty Associates, LLC	4,450,500	0.57%		
McWilliams Forge Company	4,260,500	0.55%	10,319,500	1.34%
McWilliams Development Corp	4,060,600	0.52%		
Moretrench Corp.	4,042,400	0.52%	4,042,400	0.52%
Roned Realty, L.P.	4,000,000	0.51%		
Individual Taxpayer #1			4,416,400	0.57%
Gustov L. Hollenstein, Inc.			4,249,700	0.55%
Wespas			3,100,000	0.40%
Kop-Coat, Inc.			2,976,800	0.39%
Individual Taxpayer #2			2,329,800	0.30%
Total	<u>\$ 56,041,000</u>	<u>7.19%</u>	<u>\$ 58,340,428</u>	<u>7.56%</u>

Source: Municipal Tax Assessors.

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

ROCKAWAY TOWNSHIP

Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Rockaway Center Association	\$170,041,500	4.73%	\$165,565,400	5.70%
Mt. Hope Rock Products, Inc. (Tilcon)	58,800,900	1.64%	36,665,700	1.26%
WPG Rockaway Commons LLC	53,255,800	1.48%		
Linque Management (Marvin Poer)	30,121,400	0.84%		
Marketplace at Rockaway, LLC	29,073,500	0.81%	21,581,700	0.74%
Rockaway 2014, LLC	26,971,100	0.75%		
Macy's East, Inc.	25,346,900	0.71%	17,876,100	0.62%
Dover UE, LLC	25,000,000	0.70%		
Rustic Ridge	24,800,000	0.69%	20,424,100	0.70%
Exeter 100 Forge Way LLC	20,958,300	0.58%		
GIM PA Partners			20,722,300	0.71%
Bergen Record			19,000,000	0.65%
Dover VF c/o Vornado Realty Trust			18,103,600	0.62%
Target Corporation			17,818,700	0.61%
Retail Property Trust			15,635,600	0.54%
<b>Total</b>	<b>\$464,369,400</b>	<b>12.93%</b>	<b>\$353,393,200</b>	<b>12.15%</b>

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

WHARTON BOROUGH

Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
TA Wharton LLC	\$ 55,711,800	8.42%		
The Realty Associates Fund VIII LP	32,223,900	4.87%		
Glass Paramus	19,433,900	2.94%	\$ 8,568,200	1.01%
Costco Wholesale Club	17,842,300	2.70%	9,450,600	1.12%
C.C.K.K. LLC (Wharton Industrial)	12,115,400	1.83%	5,334,500	0.63%
Bayview Gardens LLC	8,700,000	1.31%		
Wharton Mall Associates, LLC	8,273,700	1.25%	4,000,000	0.47%
Brentwood Associates, Inc.	6,528,500	0.99%	1,800,000	0.21%
Wharton Apartments	4,000,000	0.60%		
Waltann Greenbrook, LLC	3,863,700	0.58%		
TMC Properties			24,000,000	2.84%
Wharton Warehouse			19,802,200	2.35%
Edgewater, LLC			4,695,500	0.56%
Brentwood Gardens Apartments			3,256,000	0.39%
Buzy Lady Plaza			1,872,700	0.22%
<b>Total</b>	<b>\$ 168,693,200</b>	<b>25.49%</b>	<b>\$ 82,779,700</b>	<b>9.80%</b>

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

Source: Municipal Tax Assessors.

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 <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2017	22,799,243	22,799,243	100.00%	-0-
2018	21,918,982	21,918,982	100.00%	-0-

ROCKAWAY BOROUGH

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2017	5,967,952	5,967,952	100.00%	-0-
2018	6,335,178	6,335,178	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 <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
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	26,324,330	26,324,330	100.00%	-0-
2017	25,225,962	25,225,962	100.00%	-0-
2018	26,978,245	26,978,245	100.00%	-0-

WHARTON BOROUGH

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2017	4,032,607	4,032,607	100.00%	-0-
2018	4,257,144	4,257,144	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 <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Income <sup>a</sup>			
2009	\$ 38,557,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 38,557,000	1.00%	\$ 739.66	
2010	37,327,000	-0-	373,754	-0-	-0-	37,700,754	1.01%	721.41	
2011	36,057,000	-0-	1,639,508	-0-	-0-	37,696,508	0.95%	710.96	
2012	32,470,000	-0-	1,291,897	-0-	-0-	33,761,897	0.82%	634.26	
2013	31,110,000	-0-	935,521	-0-	-0-	32,045,521	0.75%	600.14	
2014	29,700,000	-0-	567,861	-0-	-0-	30,267,861	0.70%	566.10	
2015	28,230,000	-0-	288,553	-0-	-0-	28,518,553	0.64%	534.42	
2016	26,810,000	-0-	2,300,000	-0-	-0-	29,110,000	0.62%	546.00	
2017	25,360,000	-0-	1,852,618	-0-	-0-	27,212,618	0.57%	511.44	
2018	23,860,000	-0-	1,401,027	-0-	-0-	25,261,027	0.53%	473.69	

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

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

Source: Morris Hills Regional School District Financial Reports.



**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 <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 38,557,000	\$ -0-	\$ 38,557,000	0.568%	\$ 739.66
2010	37,327,000	-0-	37,327,000	0.549%	714.26
2011	36,057,000	-0-	36,057,000	0.538%	680.04
2012	32,470,000	-0-	32,470,000	0.490%	609.99
2013	31,110,000	-0-	31,110,000	0.421%	582.62
2014	29,700,000	-0-	29,700,000	0.407%	555.48
2015	28,230,000	-0-	28,230,000	0.391%	529.01
2016	26,810,000	-0-	26,810,000	0.372%	502.86
2017	25,360,000	-0-	25,360,000	0.314%	476.62
2018	23,860,000	-0-	23,860,000	0.294%	447.42

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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2017  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Denville Township	\$ 10,208,111	100.00%	\$ 10,208,111
Rockaway Borough	6,000,566	100.00%	6,000,566
Rockaway Township	23,060,976	100.00%	23,060,976
Wharton Borough	104,595	100.00%	104,595
Morris County General Obligation Debt	217,187,521	9.49%	<u>20,600,618</u>
Subtotal, Overlapping Debt			59,974,866
Morris Hills Regional School District Direct Debt			<u>23,860,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 83,834,866</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.

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

	Fiscal Year Ended June 30,				
	2009	2010	2011	2012	2013
Debt Limit	\$ 290,090,146	\$ 295,799,348	\$ 292,189,888	\$ 284,994,990	\$ 272,960,160
Total Net Debt Applicable to Limit	38,557,000	37,700,754	37,696,508	33,761,897	32,045,521
Legal Debt Margin	<u>\$ 251,533,146</u>	<u>\$ 258,098,594</u>	<u>\$ 254,493,380</u>	<u>\$ 251,233,093</u>	<u>\$ 240,914,639</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	13.29%	12.75%	12.90%	11.85%	11.74%

	Fiscal Year Ended June 30,				
	2014	2015	2016	2017	2018
Debt Limit	\$ 264,457,335	\$ 258,597,096	\$ 257,846,475	\$ 260,277,774	\$ 264,572,537
Total Net Debt Applicable to Limit	30,267,861	28,518,553	29,110,000	27,212,618	25,261,027
Legal Debt Margin	<u>\$ 234,189,474</u>	<u>\$ 230,078,543</u>	<u>\$ 228,736,475</u>	<u>\$ 233,065,156</u>	<u>\$ 239,311,510</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.45%	11.03%	11.29%	10.46%	9.55%

Legal Debt Margin Calculation for Fiscal Year 2018

Year Ended December 31,	Denville Township	Rockaway Borough	Rockaway Township	Wharton Borough	Equalized Valuation Basis
2015	\$ 3,357,935,206	\$ 831,952,918	\$ 3,811,464,251	\$ 659,501,264	\$ 8,660,853,639
2016	3,279,370,988	897,743,818	3,944,516,310	664,479,664	8,786,110,780
2017	3,301,885,785	842,775,051	4,195,567,375	670,061,069	9,010,289,280
	<u>\$ 9,939,191,979</u>	<u>\$2,572,471,787</u>	<u>\$11,951,547,936</u>	<u>\$1,994,041,997</u>	<u>\$26,457,253,699</u>
	Average Equalized Valuation of Taxable Property				<u>\$ 8,819,084,566</u>
	Debt Limit <sup>a</sup> (3% of Average Equalization Value)				\$ 264,572,537
	Net Bonded School Debt at June 30, 2018				25,261,027
	Legal Debt Margin				<u>\$ 239,311,510</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 <sup>a</sup>	Morris County Per Capita Personal		Unemployment Rate <sup>d</sup>
		Income <sup>b</sup>	Personal Income <sup>c</sup>	
2008	16,259	\$ 74,210	\$ 1,206,580,390	3.60%
2009	16,309	71,361	1,163,826,549	6.30%
2010	16,691	74,460	1,242,811,860	6.30%
2011	16,754	77,207	1,293,526,078	6.10%
2012	16,822	80,027	1,346,214,194	6.40%
2013	16,843	80,868	1,362,059,724	7.40%
2014	16,806	83,687	1,406,443,722	4.90%
2015	16,783	87,896	1,475,158,568	4.10%
2016	16,749	89,065	1,491,749,685	3.80%
2017	16,941	89,065 *	1,508,850,165	3.70%

ROCKAWAY BOROUGH

Fiscal Year	Population <sup>a</sup>	Morris County Per Capita Personal		Unemployment Rate <sup>d</sup>
		Income <sup>b</sup>	Personal Income <sup>c</sup>	
2008	6,233	\$ 74,210	\$ 462,550,930	6.30%
2009	6,231	71,361	444,650,391	10.70%
2010	6,432	74,460	478,926,720	10.80%
2011	6,458	77,207	498,602,806	10.50%
2012	6,473	80,027	518,014,771	10.90%
2013	6,480	80,868	524,024,640	7.40%
2014	6,465	83,687	541,036,455	4.80%
2015	6,467	87,896	568,423,432	4.20%
2016	6,484	89,065	577,497,460	4.10%
2017	6,474	89,065 *	576,606,810	3.50%

\* - Latest Morris County per capita personal income available (2016) 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  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

ROCKAWAY TOWNSHIP

Fiscal Year	Population <sup>a</sup>	Morris County Per Capita Personal		Unemployment Rate <sup>d</sup>
		Income <sup>b</sup>	Personal Income <sup>c</sup>	
2008	23,580	\$ 74,210	\$ 1,749,871,800	2.90%
2009	23,656	71,361	1,688,115,816	7.10%
2010	23,359	74,460	1,739,311,140	7.00%
2011	23,449	77,207	1,810,426,943	7.40%
2012	23,518	80,027	1,882,074,986	7.40%
2013	23,550	80,868	1,904,441,400	6.10%
2014	23,504	83,687	1,966,979,248	5.00%
2015	23,469	87,896	2,062,831,224	4.20%
2016	23,392	89,065	2,083,408,480	4.00%
2017	23,342	89,065 *	2,078,955,230	3.60%

WHARTON BOROUGH

Fiscal Year	Population <sup>a</sup>	Morris County Per Capita Personal		Unemployment Rate <sup>d</sup>
		Income <sup>b</sup>	Personal Income <sup>c</sup>	
2008	6,056	\$ 74,210	\$ 449,415,760	8.90%
2009	6,064	71,361	432,733,104	14.80%
2010	6,540	74,460	486,968,400	14.90%
2011	6,569	77,207	507,172,783	14.50%
2012	6,584	80,027	526,897,768	15.00%
2013	6,594	80,868	533,243,592	8.40%
2014	6,589	83,687	551,413,643	6.00%
2015	6,596	87,896	579,762,016	5.00%
2016	6,583	89,065	586,314,895	5.20%
2017	6,571	89,065 *	585,246,115	4.60%

\* - Latest Morris County per capita personal income available (2016) 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

	2017		2008			
	Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
	Picatinny Arsenal	6,000	2.31%	Novartis Corporation	5,000	1.97%
	Atlantic Health Systems	5,455	2.10%	Atlantic Health Systems	4,045	1.59%
	Novartis Pharmaceuticals Corporation	4,220	1.62%	Picatinny Arsenal	3,412	1.34%
	Bayer Healthcare, LLC	2,800	1.08%	Morris County	2,170	0.85%
	ADP	2,266	0.87%	Lucent Technologies	1,983	0.78%
	Honeywell	1,838	0.71%	United Parcel Service	1,941	0.76%
	Wyndham Worldwide Corporation	1,708	0.66%	Wyndham Worldwide	1,371	0.54%
	Saint Clare's Health System	1,688	0.65%	Greystone Psychiatric Hospital	1,296	0.51%
	BASF Corporation	1,400	0.54%	Tiffany & Company	1,200	0.47%
	PriceWaterhouse Coopers	1,360	0.52%	Accenture	1,200	0.47%
		<u>28,735</u>	<u>11.06%</u>		<u>23,618</u>	<u>9.28%</u>
	Total Employment *	<u>259,911</u>			<u>254,319</u>	

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

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Instruction:</b>										
Regular	215.0	219.0	221.0	225.0	238.0	239.0	240.0	247.0	257.0	260.0
Special Education	14.0	30.0	28.0	34.0	31.0	32.0	34.0	37.0	39.0	39.0
Other Special Instruction	7.0	7.0	10.0	11.0	14.0	14.0	14.0	14.0	12.0	12.0
Adult/Continuing Education Programs	6.0	6.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<b>Support Services:</b>										
Student & Instruction Related Services	70.0	71.0	68.5	68.6	72.0	72.0	72.0	72.0	77.0	77.0
General Administration Services	10.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administration Services	24.0	24.0	23.0	24.0	22.0	22.0	22.0	22.0	23.0	23.0
Plant Operations and Maintenance	48.0	49.0	47.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0
Pupil Transportation	47.0	45.0	53.0	50.0	59.5	59.5	59.5	59.5	59.0	59.0
Business and Other Support Services	9.0	11.0	11.0	11.0	9.5	9.5	9.5	7.5	9.0	8.0
<b>Total</b>	<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>	<u>528.0</u>	<u>530.0</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 <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percent Change	Teaching Staff <sup>b</sup>	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) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>		
2009	2,745	\$ 57,040,388	\$ 20,780	-1.24%	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	1.92%	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	66,514,851	23,314	2.30%	275	10.1:1	10.5:1	2,726.0	2,596.0	-1.84%	95.23%
2017	2,869	69,989,715	24,395	4.64%	269	10.1:1	10.3:1	2,764.0	2,623.7	1.39%	94.92%
2018	2,857	72,632,587	25,423	4.21%	271	10.1:1	10.3:1	2,777.5	2,664.6	0.49%	95.94%

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

<sup>a</sup> - Operating expenditures equal total expenditures less capital outlay, special schools and debt service.

<sup>b</sup> - Teaching staff includes only full-time equivalents of certificated staff.

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

<sup>d</sup> - 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.



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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</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	1,125	1,117	1,100	1,119	1,123
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	1,620	1,682	1,669	1,716	1,755
Enrollment - Adult High School	137	135	129	129	136
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</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	1,118	1,112	1,111	1,152	1,287
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	1,724	1,744	1,742	1,717	1,570
Enrollment - Adult High School	130	96	53	42	40

Number of Schools at June 30, 2018:

High School = 2

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

Source: Morris Hills Regional School District Facilities Office.

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Morris Hills	\$ 412,013	\$ 471,540	\$ 546,707	\$ 519,004	\$ 541,119
Morris Knolls	1,188,735	420,671	521,889	556,743	675,161
Grand Total	<u>\$ 1,600,748</u>	<u>\$ 892,211</u>	<u>\$ 1,068,596</u>	<u>\$ 1,075,747</u>	<u>\$ 1,216,280</u>

<u>School Facilities*</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Morris Hills	\$ 501,878	\$ 436,678	\$ 559,387	\$ 503,222	\$ 421,425
Morris Knolls	632,578	460,568	412,528	462,278	408,199
Grand Total	<u>\$ 1,134,456</u>	<u>\$ 897,246</u>	<u>\$ 971,915</u>	<u>\$ 965,500</u>	<u>\$ 829,624</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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2018  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -		
NJ Schools Insurance Group:		
Property Section:		
Blanket Building and Contents	\$ 500,000,000	\$ 5,000
Accounts Receivable	250,000	5,000
Automobile Physical Damage	In Blanket Limit	5,000
Electronic Data Processing Equipment	3,702,484	1,000
Liability Section:		
Comprehensive General Liability	11,000,000	
Automobile Liability	11,000,000	
Employee Benefit Liability	11,000,000	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	11,000,000	10,000
Environmental Impairment Liability -		
NJ Schools Insurance Group:		
Limit of Liability:		
Each Incident	1,000,000	10,000
Fund Annual Aggregate	11,000,000	
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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2018  
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**



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

Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Morris 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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2019.

**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  
Page 2

### Compliance and Other Matters

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Mount Arlington, New Jersey  
January 18, 2019

*Nisivoccia, LLP*

NISIVOCCIA, LLP

*Kathryn L. Mantell*

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



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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, 2018. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards 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  
Page 2

***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, 2018.

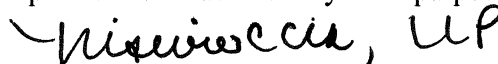
**Report on Internal Control Over Compliance**

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.



Mount Arlington, New Jersey  
January 18, 2019

NISIVOCCIA, LLP



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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, 2018

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program/ Award Amount	June 30, 2017		June 30, 2018		Amount Paid to Sub-Recipients
			From	To		Budgetary Unearned		Budgetary Unearned		
			Received	Expenditures		(Accounts Receivable)	Revenue	(Accounts Receivable)	Revenue	
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-3370-18	7/1/17	6/30/18	\$ 719,684	\$ 277,876	\$ (587,260)	\$ (309,384)		
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-3370-17	7/1/16	6/30/17	693,688	210,051				
Total Special Education Cluster						487,927	(587,260)	(309,384)		
Elementary and Secondary Education Act:										
Title I - Part A	84.010	ESEA-3370-18	7/1/17	6/30/18	173,411	105,503	(173,411)	(67,908)		
Title I - Part A	84.010	ESEA-3370-17	7/1/16	6/30/17	86,168	44,553				
Title II - Part A	84.367A	ESEA-3370-18	7/1/17	6/30/18	18,998	14,761	(14,761)			
Title III	84.365A	ESEA-3370-18	7/1/17	6/30/18	10,000	9,036	(9,958)	(922)		
Title III - Immigrant	84.365A	ESEA-3370-18	7/1/17	6/30/18	3,131	1,279	(2,343)	(1,064)		
Title IV	84.424	ESEA-3370-18	7/1/17	6/30/18	10,000	175,132	(210,473)	(79,894)		
Total Elementary and Secondary Education Act						663,059	(797,733)	(389,278)		
Total U.S. Department of Education										
U.S. Department of Agriculture - Passed-through State Department of Agriculture:										
Child Nutrition Cluster:										
School Breakfast Program	10.553	N/A	7/1/17	6/30/18	51,121	47,010	(51,121)	(4,111)		
School Breakfast Program	10.553	N/A	7/1/16	6/30/17	38,497	3,016				
Federal Food Distribution Program	10.555	N/A	7/1/17	6/30/18	48,038	48,038	(48,038)			
National School Lunch Program	10.555	N/A	7/1/17	6/30/18	228,892	216,957	(228,892)	(11,935)		
National School Lunch Program	10.555	N/A	7/1/16	6/30/17	199,127	9,772				
Total Child Nutrition Cluster						324,793	(328,051)	(16,046)		
Total U.S. Department of Agriculture						324,793	(328,051)	(16,046)		

N/A - Not Available



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	June 30, 2017		Cash Received	Budgetary Expenditures	Repayment of Balances	June 30, 2018		MEMO Cumulative Total Expenditures
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	
		Unearned Revenue/ (Accounts Receivable)	Due to Grantor		GAAP (Accounts Receivable)	Due to Grantor						
State Department of Education:												
General Fund:												
Equalization Aid	18-495-034-5120-078	7/1/17	6/30/18	\$ 3,725,355	\$ 3,371,327	\$ (3,725,355)	\$ 3,371,327	\$ (3,725,355)			\$ (354,028)	\$ 3,725,355
Equalization Aid	17-495-034-5120-078	7/1/16	6/30/17	3,633,307	342,486		342,486					
Transportation Aid	18-495-034-5120-014	7/1/17	6/30/18	318,233	287,991	(318,233)	287,991	(318,233)			(30,242)	318,233
Transportation Aid	17-495-034-5120-014	7/1/16	6/30/17	318,233	29,997		29,997					
Special Education Categorical Aid	18-495-034-5120-089	7/1/17	6/30/18	1,811,283	1,639,153	(1,811,283)	1,639,153	(1,811,283)			(172,130)	1,811,283
Special Education Categorical Aid	17-495-034-5120-089	7/1/16	6/30/17	1,811,283	170,737		170,737					
School Choice Aid	18-495-034-5120-068	7/1/17	6/30/18	1,765,632	1,597,841	(1,765,632)	1,597,841	(1,765,632)			(167,791)	1,765,632
School Choice Aid	17-495-034-5120-068	7/1/16	6/30/17	1,765,632	166,434		166,434					
Security Aid	18-495-034-5120-084	7/1/17	6/30/18	58,232	52,698	(58,232)	52,698	(58,232)			(5,534)	58,232
Security Aid	17-495-034-5120-084	7/1/16	6/30/17	58,232	5,489		5,489					
Adult and Post-Graduate Program Aid	18-100-034-5120-510	7/1/17	6/30/18	30,767	27,843	(30,767)	27,843	(30,767)			(2,924)	30,767
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17	6/30/18	28,990	26,235	(28,990)	26,235	(28,990)			(2,755)	28,990
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16	6/30/17	28,990	2,733		2,733					
PARCC Readiness Aid	18-495-034-5120-098	7/1/17	6/30/18	28,990	26,235	(28,990)	26,235	(28,990)			(2,755)	28,990
PARCC Readiness Aid	17-495-034-5120-098	7/1/16	6/30/17	28,990	2,733		2,733					
Professional Learning Community Aid	18-495-034-5120-101	7/1/17	6/30/18	28,540	25,828	(28,540)	25,828	(28,540)			(2,712)	28,540
Professional Learning Community Aid	17-495-034-5120-101	7/1/16	6/30/17	28,540	2,690		2,690					
Extraordinary Special Education Costs	18-495-034-5120-044	7/1/17	6/30/18	563,674	647,170	(563,674)	647,170	(563,674)		\$ (563,674)	(563,674)	563,674
Extraordinary Special Education Costs	17-495-034-5120-044	7/1/16	6/30/17	647,170	(647,170)							
Nonpublic School Transportation Costs	18-495-034-5120-014	7/1/17	6/30/18	32,018	22,310	(32,018)	22,310	(32,018)		(32,018)	(32,018)	32,018
Nonpublic School Transportation Costs	17-495-034-5120-014	7/1/16	6/30/17	22,310								
On-Behalf TPAF Contributions:												
Post Retirement Medical Pension	18-495-034-5094-001	7/1/17	6/30/18	2,570,711	2,570,711	(2,570,711)	2,570,711	(2,570,711)				2,570,711
Post Retirement Medical Pension	18-495-034-5094-002	7/1/17	6/30/18	3,885,876	3,885,876	(3,885,876)	3,885,876	(3,885,876)				3,885,876
Non-Contributory Insurance	18-495-034-5094-004	7/1/17	6/30/18	94,301	94,301	(94,301)	94,301	(94,301)				94,301
Long-Term Disability Insurance	18-495-034-5094-004	7/1/17	6/30/18	4,492	4,492	(4,492)	4,492	(4,492)				4,492
Reimbursed TPAF Social Security Aid	18-495-034-5094-003	7/1/17	6/30/18	1,894,661	1,801,508	(1,894,661)	1,801,508	(1,894,661)		(93,153)	(93,153)	1,894,661
Reimbursed TPAF Social Security Aid	17-495-034-5094-003	7/1/16	6/30/17	1,917,352	(95,085)		95,085					
Total General Fund State Aid					16,899,903	(16,841,755)	16,899,903	(16,841,755)		(688,845)	(1,429,716)	16,841,755
Special Revenue Fund:												
NJ Nonpublic Aid:												
Textbook Aid (Chapter 194)	18-100-034-5120-064	7/1/17	6/30/18	25,473	25,473	(25,473)	25,473	(25,473)				25,473
Nursing Services (Chapter 226)	18-100-034-5120-070	7/1/17	6/30/18	45,105	45,105	(45,105)	45,105	(45,105)				45,105
Technology Initiative	18-100-034-5120-373	7/1/17	6/30/18	17,205	17,205	(16,818)	17,205	(16,818)		\$ 387		16,818
Security Aid	18-100-034-5120-509	7/1/17	6/30/18	29,775	29,775	(29,750)	29,775	(29,750)		25		29,750
Auxiliary Services (Chapter 192):												
Compensatory Education	18-100-034-5120-067	7/1/17	6/30/18	57,402	57,402	(55,896)	57,402	(55,896)		1,506		55,896
Home Instruction	18-100-034-5120-067	7/1/17	6/30/18	54	54	(54)	54	(54)				54
Home Instruction	17-100-034-5120-067	7/1/16	6/30/17	2,070	2,070	(2,070)	2,070	(2,070)				

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	June 30, 2017		Cash Received	Budgetary Expenditures	Repayment of Balances	Canceled	June 30, 2018		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:														
Special Revenue Fund:														
NJ Nonpublic Aid:														
Handicapped Services (Chapter 193):														
Examination & Classification	18-100-034-5120-066	7/1/17	6/30/18	\$ 57,349	\$ 5,401	\$ 57,349	\$ (57,349)	\$ (5,401)				\$ 713	\$	\$ 57,349
Examination & Classification	17-100-034-5120-066	7/1/16	6/30/17	46,843										
Supplementary Instruction	18-100-034-5120-066	7/1/17	6/30/18	56,062		56,062	(55,349)							55,349
Supplementary Instruction	17-100-034-5120-066	7/1/16	6/30/17	38,137		628	(628)							
Corrective Speech	18-100-034-5120-066	7/1/17	6/30/18	1,518		1,518	(1,518)							1,518
<b>Total Special Revenue Fund</b>					\$ (2,070)	6,029	291,959	(287,312)	(6,029)		\$ (54)	2,631	\$ (54)	287,312
State School Lunch Program	18-100-010-3350-023	7/1/17	6/30/18	10,099	(399)	9,583	(10,099)				(516)		(516)	10,099
State School Lunch Program	17-100-010-3350-023	7/1/16	6/30/17	8,278		399								
<b>Total Enterprise Fund</b>					(399)	9,982	(10,099)				(516)		(516)	10,099
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	6/30/18	405,805	(405,805)								(405,805)	595,025
Partial Roof Replacement	SP-3370-060-14-1005	7/30/15	6/30/18	618,239	(618,239)					\$ 23,214				68,973
Electrical Service Replacement	SP-3370-050-14-1001	7/30/14	6/30/18	134,640	(134,640)					65,667				105,485
Window Replacement	SP-3370-050-14-1003	7/30/14	6/30/18	113,208	(101,887)					7,723				
Piping Replacement	SP-3370-050-14-1004	7/30/14	6/30/18	252,700	(252,700)								(252,700)	
Morris Knolls High School -														
Partial Roof Replacement	SP-3370-060-14-1006	7/30/15	6/30/18	438,722	(438,722)					68,404				370,318
Partial Window Replacement	SP-3370-060-14-1008	7/30/15	6/30/18	1,056,215	(1,056,215)								(1,056,215)	
Electrical Service Replacement	SP-3370-060-14-1007	7/30/14	6/30/18	134,640	(134,640)					5,851				128,789
<b>Total Capital Projects Fund</b>					(3,142,848)	1,257,269	(1,257,269)			170,859			(1,714,720)	1,268,590
<b>TOTAL STATE AWARDS</b>					\$ (4,633,181)	\$ 6,029	\$ 18,459,113	\$ (18,396,435)	\$ (6,029)	\$ 170,859	\$ (689,415)	\$ 2,631	\$ (3,145,006)	\$ 18,407,756

Less - State Awards Not Subject to Single Audit Major Program Determination:

On-Behalf TPAF Pension System Contributions:

Post-Retirement Medical	18-495-034-5094-001	7/1/17	6/30/18	2,570,711										2,570,711
Pension	18-495-034-5094-002	7/1/17	6/30/18	3,885,876										3,885,876
Non-Contributory Insurance	18-495-034-5094-004	7/1/17	6/30/18	94,301										94,301
Long-Term Disability Insurance	18-495-034-5094-004	7/1/17	6/30/18	4,492										4,492

TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION

\$ (11,841,055)

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, 2018

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, 2018. 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 not 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, 2018  
(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 \$(17,572) for the general fund, \$-0- for the special revenue fund and \$1,257,269 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.

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	\$ 2,894	\$ 16,824,183	\$ 16,827,077
Special Revenue Fund	797,733	287,312	1,085,045
Capital Projects Fund		1,257,269	1,257,269
Food Service Enterprise Fund	328,051	10,099	338,150
Total Financial Assistance	<u>\$ 1,128,678</u>	<u>\$ 18,378,863</u>	<u>\$ 19,507,541</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. 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, 2018. 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

During the fiscal year, the District received \$1,257,269 from New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act which was recognized as revenue on the GAAP basis. As of June 30, 2018, the District has active grants awarded in the amount of \$1,714,720 of which nothing has been expended, submitted for reimbursement or 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, 2018

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	7/1/17-6/30/18	\$ 719,684	\$ 587,260
<u>State:</u>				
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	3,725,355	3,725,355
Special Education				
Categorical Aid	18-495-034-5120-089	7/1/17-6/30/18	1,811,283	1,811,283
School Choice Aid	18-495-034-5120-068	7/1/17-6/30/18	1,765,632	1,765,632
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	58,232	58,232
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	28,990	28,990
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	28,990	28,990
Professional Learning				
Community Aid	18-495-034-5120-101	7/1/17-6/30/18	28,540	28,540
Adult and Post-Graduate				
Program Aid	18-100-034-5120-510	7/1/17-6/30/18	30,767	30,767



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

- 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	7/1/17-6/30/18	\$ 719,684	\$ 587,260
<u>State:</u>				
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	3,725,355	3,725,355
Special Education				
Categorical Aid	18-495-034-5120-089	7/1/17-6/30/18	1,811,283	1,811,283
School Choice Aid	18-495-034-5120-068	7/1/17-6/30/18	1,765,632	1,765,632
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	58,232	58,232
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	28,990	28,990
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	28,990	28,990
Professional Learning				
Community Aid	18-495-034-5120-101	7/1/17-6/30/18	28,540	28,540
Adult and Post-Graduate				
Program Aid	18-100-034-5120-510	7/1/17-6/30/18	30,767	30,767
Educational Facilities	SP-3370-060-14-1005	7/30/15-6/30/18	618,239	595,025
Construction & Financing	SP-3370-050-14-1001	7/30/14-6/30/18	134,640	68,973
	SP-3370-050-14-1003	7/30/14-6/30/18	113,208	94,164
	SP-3370-060-14-1006	7/30/15-6/30/18	438,722	370,318
	SP-3370-060-14-1007	7/30/14-6/30/18	134,640	128,789

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, 2018

Status of Prior Fiscal Year Findings:

The District had no prior fiscal year audit findings.