

**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, 2019**

**Comprehensive Annual  
Financial Report**

**of the**

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

**Rockaway, New Jersey**

**For the Fiscal Year Ended June 30, 2019**

**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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CURRICULUM & INSTRUCTION  
Nisha Zoeller, D. Litt. 973.664.2293

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, 2019*

November 8, 2019

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

As the Superintendent and the Business Administrator of the Morris Hills Regional District (the "District"), we are pleased to submit to you this Comprehensive Annual Financial Report (CAFR) issued by the District. This CAFR for the fiscal year ended June 30, 2019, 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 District. 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.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to be read in conjunction with the MD&A. The MD&A section provides an overview of factors that impact the District's financial position.

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.



# MORRIS HILLS REGIONAL DISTRICT

## *Letter of Transmittal For the Fiscal Year Ended June 30, 2019*

### **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 over approximately 58 square miles. The District also hosts two academy programs for the Morris County School of Technology (MCST) which services all Morris County students.

Population estimates for 2018 from the United States Census Bureau reflect a relatively small increase of 2.6% in total population for the four communities served as compared to the census in 2010. Rockaway Township, which represents 46% of the District's total population saw the largest increase of 1,500 residents. Denville representing 30% of the serviced population remained relatively flat. Rockaway Borough and Wharton Borough which are very similar in population and size, each representing approximately 12% of the population reflected a small decline in population, 75 and 65 respectively.

The District's enrollment reported on the Application for State School Aid (ASSA) in October 2018 was 2,772 resident students compared to 2,857 resident students the prior year. Although resident students decreased by 85 or 2.98% from prior year, the ASSA does not reflect students enrolled in the academy programs. On October 15, 2018 Morris Knolls enrolled 34 students in the Academy for the Performing Arts (APA) and Morris Hills enrolled 143 students in the Academy for Math, Science and Engineering (MSE). This was an increase of 57 students. Adult School enrollment was 35 students and fluctuates from year to year.

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 was completed in the 2018-19 school year. However, after an energy audit, the District found that additional improvements could reduce operating costs. The District applied to the state for the approval of an energy savings improvement plan and received approval in January 2019. In April 2019, bonds were sold to support the improvements. The ESIP program is discussed in the Management's Discussion and Analysis section of this report. Annual deposits into the District's Capital Reserve have funded additional improvements to classroom space, athletic fields and gymnasium renovations.

### **Curriculum Offerings**

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 2018 – 2019, 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 2018, we were 1 of only 373 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, 81.9% of the students taking 1559 AP exams scored 3 or higher, scores high enough to earn college credit. 29.6% of exams taken earned a perfect score of 5.

# MORRIS HILLS REGIONAL DISTRICT

## *Letter of Transmittal*

*For the Fiscal Year Ended June 30, 2019*

- 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 tenth 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 only 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 and provides students with training and skills to conduct collegiate level research and advanced STEM coursework. The NJDOE has been emphasizing the incorporation of STEM into high school curriculum; the Magnet Program exemplifies the type of STEM curricula that is going on in the best schools in the country. The Magnet Program is part of the National Consortium for Secondary Stem Schools (NCSSSS), which requires that programs be aligned to the consortium's STEM standards.
- AVID Program: The District is in our eighth 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.
- 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 offered 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 intradistrict school choice program allowed resident students to apply to either high school regardless of their address. Approximately 30 students participated in 2018 - 19. 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 2018-19 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.

# MORRIS HILLS REGIONAL DISTRICT

## *Letter of Transmittal For the Fiscal Year Ended June 30, 2019*

### **Economic Condition and Financial Outlook**

The District relies on local property taxes and state aid to support its budget. In the 2018-19 school year, the District saw a slight increase in state aid but the predominant source to support its budget is local property taxes.

New Jersey law limits the increase in New Jersey school districts' tax levies to 2% annually although adjustments are allowed for increased enrollments and increased pension and health benefit costs. If a district wishes to exceed the 2% limit for other reasons, a public vote is required. The Morris Hills Regional District Board of Education is committed to limiting tax increases and has sought alternate funding sources. In 2011 Morris Hills became a School Choice District, which created a new source of aid for the District. In 2018 the District modified its tuition agreement with the Morris County School of Technology and increased enrollment for the hosted programs. 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.

### **Internal Controls**

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

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

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

### **Accounting System and Budgetary Controls**

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 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. Approval from the Executive County Superintendent is required for transfers from an advertised appropriation account that, on a cumulative basis, exceed 10 percent of the amount included in the original budget, as established by the New Jersey Department of Education, Division of Finance, and transfers to capital outlay, excluding equipment. Approval from the County Superintendent is required for transfers to an advertised appropriation account identified as general administration, school administration, central services, administrative information technology or other support services that, on a cumulative basis, exceed 10 percent of the amount included in the original budget. New Jersey Department of Education approval is required for the appropriation of unassigned fund balance.

# MORRIS HILLS REGIONAL DISTRICT

## *Letter of Transmittal For the Fiscal Year Ended June 30, 2019*

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 appropriations 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, 2019.

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'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.

### **Major Initiatives For The Future**

The District continues to invest in its facilities through the use of Capital Reserve funds. Ongoing upgrades for classroom HVAC units are planned for the next four years until all instructional spaces are air conditioned. Site improvements will continue with sidewalk and parking lot improvements.

The District will develop a five-year strategic plan to be completed by June 2020. Public hearings are scheduled for all stakeholders. The New Jersey School Boards Association will assist the District with the development.

### **Awards**

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 years ended June 30, 2012, 2013, 2014, 2015, 2016, 2017 and 2018. 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, 2019.

# MORRIS HILLS REGIONAL DISTRICT

*Letter of Transmittal  
For the Fiscal Year Ended June 30, 2019*

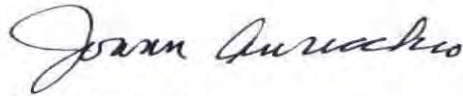
## **Acknowledgements**

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,

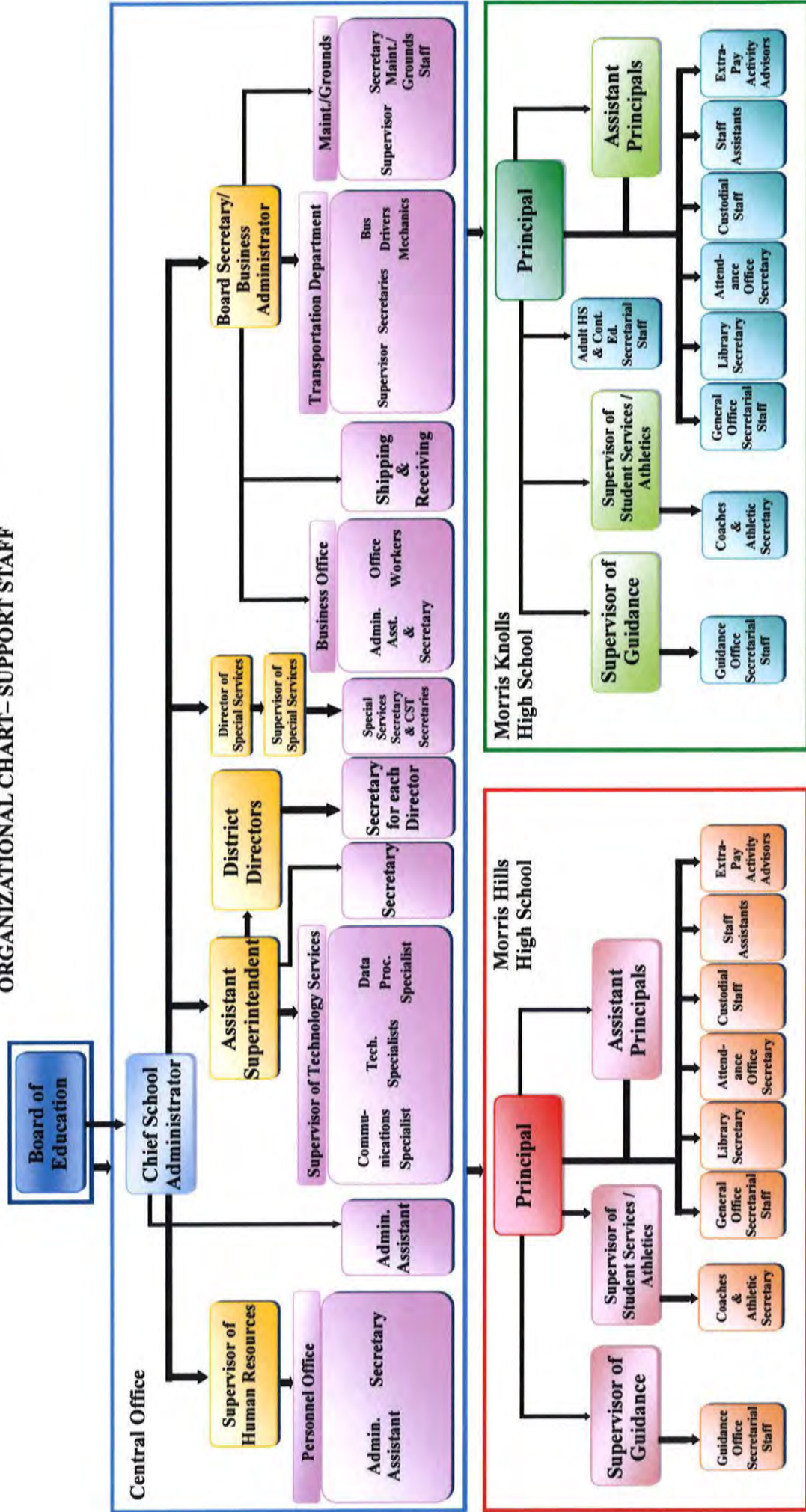


James J. Jencarelli  
Superintendent

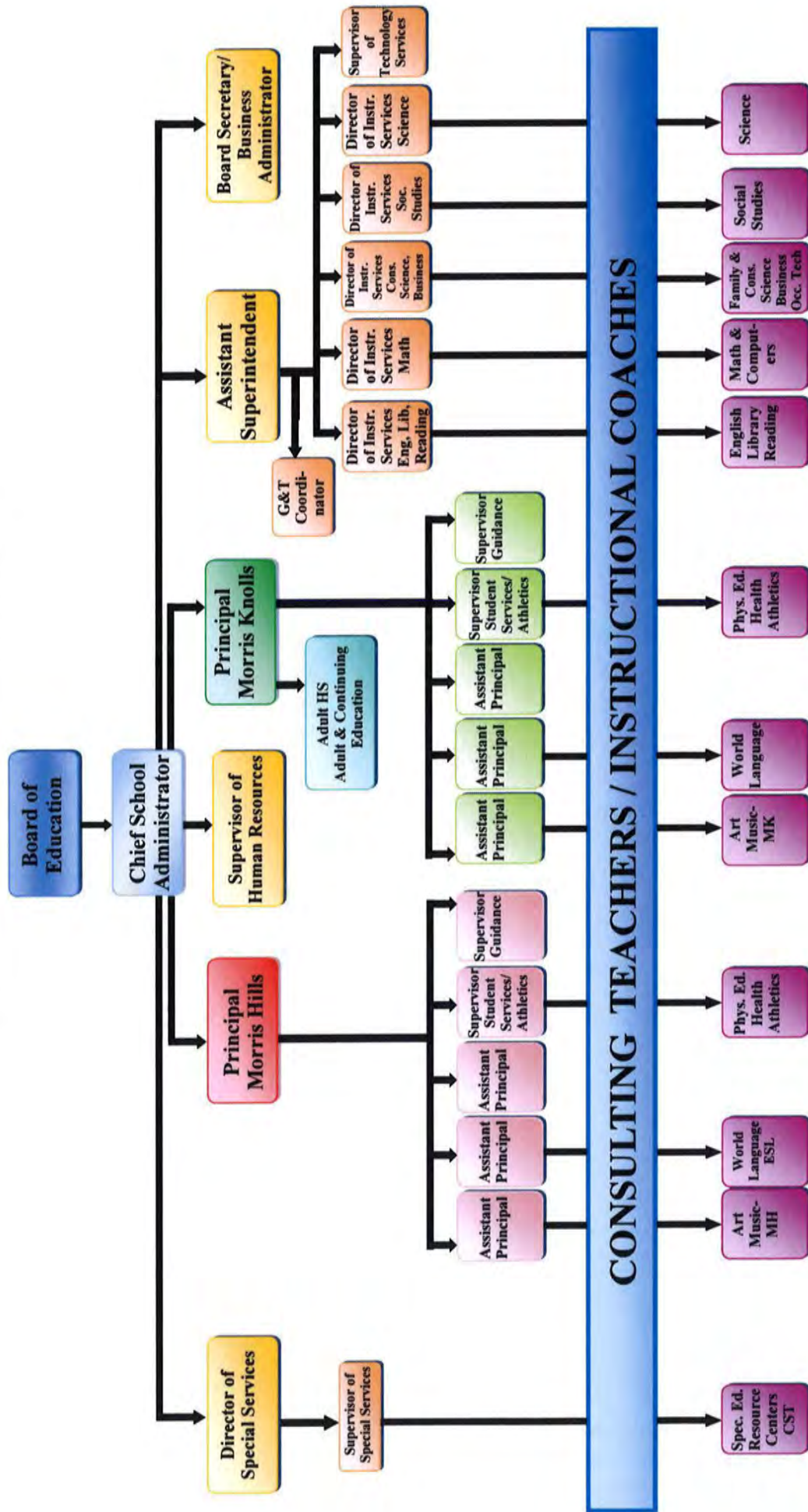


Joann Auricchio  
Board Secretary/Business Administrator

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, 2019**

<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	2021
Doug Brookes Jr.	2020
Mark DiGennaro	2021
Rob Izsa	2019
Steven Kovacs	2020
William Serafin	2021
Michael Wieczerzak	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 & Company 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, 2018.**

The CAFR meets the criteria established for  
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSRM  
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis  
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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension 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 other supplementary schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying other supplementary schedules 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 other supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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  
November 8, 2019

NISIVOCCIA, LLP

*Kathryn L. Mantell*

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, 2019**

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, 2019. 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.

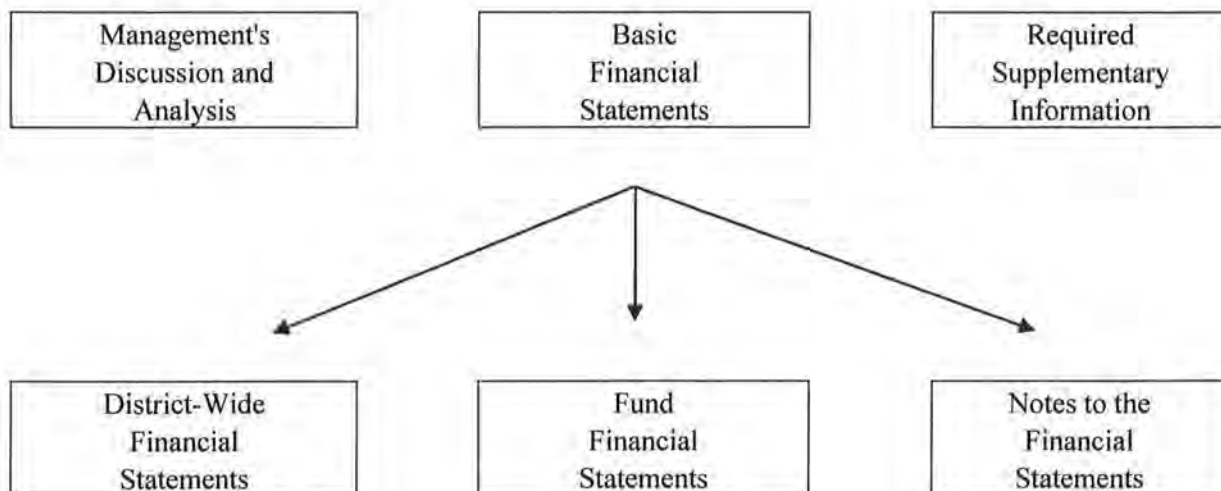
**Overview of the Financial Statements**

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 and shared services (special education 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, 2019**

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 and shared services (special education and custodial)	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> <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, 2019**

**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, academy for technology, and shared services (special education, 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, 2019**

**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 Statement of Net Position provides one perspective of the District as a whole. Figure A-3 provides a summary of the District's net position as of June 30, 2019 and 2018. The District's *combined* net position was \$3,138,138 on June 30, 2019, \$4,373,452 or 354.04% more than it was the fiscal year before. The net position of the governmental activities increased by \$4,314,759 and the net position of the business-type activities increased by \$58,693.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2018/19
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	
Current and Other Assets	\$16,073,304	\$ 8,576,258	\$ 349,167	\$ 346,604	\$16,422,471	\$ 8,922,862	
Capital Assets, Net	46,376,157	44,626,483	721,067	710,215	47,097,224	45,336,698	
Total Assets	62,449,461	53,202,741	1,070,234	1,056,819	63,519,695	54,259,560	17.07%
Deferred Outflows of Resources	7,341,606	9,146,727			7,341,606	9,146,727	-19.74%
Other Liabilities	2,490,729	3,988,538	40,369	85,647	2,531,098	4,074,185	
Long-Term Liabilities	57,862,974	54,948,764			57,862,974	54,948,764	
Total Liabilities	60,353,703	58,937,302	40,369	85,647	60,394,072	59,022,949	2.32%
Deferred Inflows of Resources	7,329,091	5,618,652			7,329,091	5,618,652	30.44%
Net Position:							
Net Investment in Capital Assets	16,518,049	21,131,316	721,067	710,215	17,239,116	21,841,531	
Restricted	4,360,038	4,198,009			4,360,038	4,198,009	
Unrestricted (Deficit)	(18,769,814)	(27,535,811)	308,798	260,957	(18,461,016)	(27,274,854)	
Total Net Position (Deficit)	\$ 2,108,273	\$ (2,206,486)	\$ 1,029,865	\$ 971,172	\$ 3,138,138	\$ (1,235,314)	354.04%

**Morris Hills Regional School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

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

Figure A-4 represents the *Changes in Net Position*. Net investment in capital assets decreased \$4,602,415 due to \$8,230,000 ESIP bonds issued, \$3,520,174 of depreciation expense and amortized deferred amount on refunding of \$147,155, offset by \$5,280,700 in capital assets additions and the retirement of \$1,555,000 of serial bonds payable and \$459,214 of capital leases payable. Restricted net position increased \$162,029 primarily due to net increases in the capital reserve of \$95,112 and maintenance reserve of \$57,824. Unrestricted net position (deficit) increased \$8,813,838 primarily due to a net increase in the capital projects fund and decreases in the net pension liability and unamortized bond issuance premiums, offset by changes in deferred inflows and outflows related to pensions and net increases in compensated absences and accrued interest.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	Change 2018/19
Revenue:							
Program Revenue:							
Charges for Services			\$4,084,137	\$3,601,923	\$ 4,084,137	\$ 3,601,923	
Grants and Contributions:							
Operating	\$21,125,790	\$25,856,392	364,721	338,150	21,490,511	26,194,542	
Capital	688,691	1,257,269			688,691	1,257,269	
General Revenue:							
Property Taxes	61,355,210	59,489,549			61,355,210	59,489,549	
Unrestricted Federal and State Aid	5,727,264	5,625,623			5,727,264	5,625,623	
Other	1,667,658	831,527			1,667,658	831,527	
Total Revenue	90,564,613	93,060,360	4,448,858	3,940,073	95,013,471	97,000,433	-2.05%
Expenses:							
Instruction	46,002,395	50,133,500			46,002,395	50,133,500	
Pupil and Instruction Services	17,280,789	18,411,043			17,280,789	18,411,043	
Administration and Business	7,548,735	7,778,051			7,548,735	7,778,051	
Maintenance and Operations	5,730,133	5,763,813			5,730,133	5,763,813	
Transportation	5,685,945	5,789,216			5,685,945	5,789,216	
Other	4,001,857	4,178,956	4,390,165	3,869,816	8,392,022	8,048,772	
Total Expenses	86,249,854	92,054,579	4,390,165	3,869,816	90,640,019	95,924,395	-5.51%
Transfers		16,097		(16,097)	-0-	-0-	0.00%
Increase/(Decrease) in Net Position	4,314,759	1,021,878	58,693	54,160	4,373,452	1,076,038	
Beginning Net Position (Deficit)	(2,206,486)	(3,228,364)	971,172	917,012	(1,235,314)	(2,311,352)	
Ending Net Position (Deficit)	\$ 2,108,273	\$ (2,206,486)	\$1,029,865	\$ 971,172	\$ 3,138,138	\$ (1,235,314)	354.04%

**Morris Hills Regional School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

**Governmental Activities**

The financial position of the District improved significantly 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-5 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.

**Figure A-5  
Net Cost of Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018/2019</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2017/2018</u>
Instruction	\$ 46,002,395	\$ 50,133,500	\$ 29,823,662	\$ 30,220,044
Pupil and Instruction Services	17,280,789	18,411,043	14,071,759	14,306,405
Administration and Business	7,548,735	7,778,051	6,495,760	6,526,918
Maintenance and Operations	5,730,133	5,763,813	5,041,442	4,506,544
Transportation	5,685,945	5,789,216	5,132,937	5,439,210
Other	4,001,857	4,178,956	3,869,813	3,941,797
	<u>\$ 86,249,854</u>	<u>\$ 92,054,579</u>	<u>\$ 64,435,373</u>	<u>\$ 64,940,918</u>

**Business-Type Activities**

The net position of the District's business-type activities increased by \$58,693, which was comprised of a \$78,266 increase in net position for the food service fund, offset by a decrease in the net position of the academy for technology program of \$19,573. (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.

**Morris Hills Regional School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

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

The financial position of the District improved. Difficult economic times have had a direct impact upon the District's revenue sources and planned expenditures. Ratables in the municipality remain more or less stable, thus generating concern for the local tax levy in the future.

To maintain a stable financial position, the District must continue to practice sound fiscal management and carefully monitor expenditures.

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, 2019 the District's 2% limit is \$1,361,306 plus adjustments for additional State Aid of \$296,706, for a total of \$1,658,012 as allowable General Fund unassigned fund balance. However, since the District appropriated \$523,000 of fund balance as revenue in its 2019-2020 budget, only \$1,210,075 (or 1.46%) is unassigned at June 30, 2019.

**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 \$3,278,580 from the Capital Reserve for costs associated with field refurbishment at Morris Hills and Morris Knolls High Schools and bleacher replacement at Morris Hills High School.

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

The District's capital assets (net of depreciation) increased \$1,760,526, or 3.88%, 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-6  
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	Change 2018/19
Sites (Land)	\$ 288,500	\$ 288,500			\$ 288,500	\$ 288,500	
Construction in Progress	2,336,076	2,609,639			2,336,076	2,609,639	
Buildings and Building							
Improvements	38,732,951	36,627,705			38,732,951	36,627,705	
Land Improvements	1,433,269	1,594,122			1,433,269	1,594,122	
Machinery & Equipment	3,585,361	3,506,517	\$ 721,067	\$ 710,215	4,306,428	4,216,732	
Total Capital Assets, Net of Depreciation	\$ 46,376,157	\$ 44,626,483	\$ 721,067	\$ 710,215	\$ 47,097,224	\$ 45,336,698	3.88%

The District invested \$5,280,700 in capital assets - \$5,219,260 from governmental activities (which includes \$4,190,913 from capital projects and primarily \$1,028,347 from capital outlay for equipment purchases and facilities acquisition and construction services) and \$61,440 from business-type activities. The District incurred \$3,469,586 and \$50,588 of depreciation related to governmental and business-type capital assets, respectively.

**Morris Hills Regional School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

**Long-term Liabilities**

The District's long-term liabilities increased by \$2,914,210, or 5.30%, during the fiscal year. At fiscal year-end, the District had \$30,535,000 in general obligation bonds outstanding (\$22,305,000 refunding bonds and \$8,230,000 ESIP bonds), \$3,900,203 in compensated absences payable, \$3,143,063 in unamortized bond issuance premiums, \$19,342,895 in net pension liability and \$941,813 in capital leases payable as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 8 to the Basic Financial Statements).

**Figure A-7  
Outstanding Long-Term Liabilities**

	Total School District		Percentage Change 2018/19
	2018/19	2017/18	
General Obligation Bonds (Financed with Property Taxes), Net	\$ 30,535,000	\$ 23,860,000	
Net Pension Liability	19,342,895	22,384,694	
Other Long-Term Liabilities	7,985,079	8,704,070	
	<u>\$ 57,862,974</u>	<u>\$ 54,948,764</u>	5.30%

- Other long-term liabilities are comprised of unamortized bond issuance premiums, compensated absences payable and capital leases payable.
- The District retired \$1,555,000 of its general obligation bonds during the fiscal year.
- The District issued \$8,230,000 of ESIP bonds during the fiscal year.
- The District's net pension liability decreased by \$3,041,799.
- The District's liability for compensated absences increased by the net amount of \$25,956.
- Unamortized bond issuance premiums decreased by \$285,733.
- The District paid down \$459,214 of capital leases payable during the 2018-2019 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:

- Meeting the need of increasing salary and health benefit costs continue to be a major budget concern to the District. Negotiated agreements in Morris County and its surrounding region have been close to 3%. The District's teachers bargaining unit has a contract agreement through June 2021. Health benefit costs continue to rise despite improved experience ratings.

**Morris Hills Regional School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

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

- Legislation titled S1701 and A-99, passed by the State in June 2004, required school districts to reduce unassigned fund balance in the General Fund to 2% of annual budget expenditures for 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%
- The District is committed to remaining within the 2% cap increase allowed on the school levy and any allowable adjustments for enrollment or pension and health benefit costs. State Aid is stable and the District will continue to monitor costs by implementing best practices which result in efficient operations including sharing services with our elementary districts.
- The District has an agreement with the Morris County School of Technology to host two academy programs in exchange for tuition. These students are not counted on the District's ASSA for state aid and instead are funded by tuition proceeds. These programs are operated in the financial records as a proprietary fund. Enrollment is projected to grow by 120 students by the 2021-22 school year.
- In an effort to avoid raising taxes for capital improvements, the District has been funding a Capital Reserve account each year with unexpended budget balances and unanticipated revenue from the General Fund. Capital Reserve funds are used in subsequent budgets for various capital projects.
- The District began facility improvements through an energy savings improvement program (ESIP) at the end of the 2018-19 school year. Activities included the installation of LED lighting, HVAC controls, technology controls, solar panels, and HVAC upgrades in gymnasiums, cafeterias, libraries, auditoriums and some classrooms. The District will continue with HVAC classroom improvements each year until all classrooms have been addressed.

**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, 2019

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 10,523,336	\$ 319,575	\$ 10,842,911
Internal Balances	108,783	(108,783)	
Receivables from Federal Government	289,599	14,616	304,215
Receivables from State Government	737,387	444	737,831
Receivables - Other	111,006	111,567	222,573
Inventories		11,748	11,748
Restricted Assets - Cash and Cash Equivalents:			
Capital Reserve Account	4,033,193		4,033,193
Maintenance Reserve Account	270,000		270,000
Capital Assets, Net:			
Sites (Land) and Construction in Progress	2,624,576		2,624,576
Depreciable Buildings and Building Improvements, Land Improvements, and Machinery & Equipment	43,751,581	721,067	44,472,648
Total Assets	<u>62,449,461</u>	<u>1,070,234</u>	<u>63,519,695</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Debt Refunding	1,618,705		1,618,705
Deferred Outflows of Resources Related to Pensions	5,722,901		5,722,901
Total Deferred Outflows of Resources	<u>7,341,606</u>		<u>7,341,606</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Payable to State Government	21,687		21,687
Accounts Payable	2,074,445	10,749	2,085,194
Accrued Interest Payable	359,429		359,429
Unearned Revenue	35,168	29,620	64,788
<b>Noncurrent Liabilities:</b>			
Due Within One Year	2,362,698		2,362,698
Due Beyond One Year	55,500,276		55,500,276
Total Liabilities	<u>60,353,703</u>	<u>40,369</u>	<u>60,394,072</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows of Resources Related to Pensions	7,329,091		7,329,091
Total Deferred Inflows of Resources	<u>7,329,091</u>		<u>7,329,091</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	16,518,049	721,067	17,239,116
Restricted for:			
Capital Projects	4,033,193		4,033,193
Debt Service	56,845		56,845
Maintenance	270,000		270,000
Unrestricted (Deficit)	(18,769,814)	308,798	(18,461,016)
Total Net Position	<u>\$ 2,108,273</u>	<u>\$ 1,029,865</u>	<u>\$ 3,138,138</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, 2019

Functions/Programs	Program Revenues				Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Capital Grants and Contributions			
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 34,618,354		\$ 9,805,619		\$ (24,812,735)		\$ (24,812,735)
Special Education	6,680,264		4,966,704		(1,713,560)		(1,713,560)
Other Special Instruction	348,014		118,211		(229,803)		(229,803)
School-Sponsored Other Instruction	4,355,763		1,288,199		(3,067,564)		(3,067,564)
<b>Support Services:</b>							
Tuition	4,916,322				(4,916,322)		(4,916,322)
Student & Instruction Related Services	12,364,467		3,209,030		(9,155,437)		(9,155,437)
General Administration Services	1,565,177				(1,565,177)		(1,565,177)
School Administration Services	3,702,636		1,052,975		(2,649,661)		(2,649,661)
Central Services	1,400,474				(1,400,474)		(1,400,474)
Administrative Information Technology	880,448				(880,448)		(880,448)
Plant Operations and Maintenance	5,730,133			\$ 688,691	(5,041,442)		(5,041,442)
Pupil Transportation	5,685,945		553,008		(5,132,937)		(5,132,937)
Special Schools	440,003		132,044		(307,959)		(307,959)
Interest on Long-Term Debt	994,303				(994,303)		(994,303)
Unallocated Depreciation*	2,567,551				(2,567,551)		(2,567,551)
<b>Total Governmental Activities</b>	<b>86,249,854</b>		<b>21,125,790</b>	<b>688,691</b>	<b>(64,435,373)</b>		<b>(64,435,373)</b>

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	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
<b>Business-Type Activities:</b>							
Food Service	\$ 1,516,447	\$ 1,229,992	\$ 364,721		\$ 78,266	\$ 78,266	
Academy for Technology	1,579,040	1,559,467			(19,573)	(19,573)	
Shared Services	1,294,678	1,294,678					
<b>Total Business-Type Activities</b>	<b>4,390,165</b>	<b>4,084,137</b>	<b>364,721</b>		<b>58,693</b>	<b>58,693</b>	<b>58,693</b>
<b>Total Primary Government</b>	<b>\$ 90,640,019</b>	<b>\$ 4,084,137</b>	<b>\$ 21,490,511</b>	<b>\$ 688,691</b>	<b>\$ (64,435,373)</b>	<b>\$ 58,693</b>	<b>(64,376,680)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property Taxes, Levied for General Purposes, Net					58,778,040	58,778,040	
Taxes Levied for Debt Service					2,577,170	2,577,170	
Federal and State Aid Not Restricted					5,727,264	5,727,264	
Tuition Charges					298,046	298,046	
Investment Earnings					192,558	192,558	
Miscellaneous Income					249,877	249,877	
Special Item - Premium on ESIP Bonds					927,177	927,177	
<b>Total General Revenues and Special Item</b>					<b>68,750,132</b>	<b>- 0 -</b>	<b>68,750,132</b>
<b>Change in Net Position</b>					<b>4,314,759</b>	<b>58,693</b>	<b>4,373,452</b>
<b>Net Position (Deficit) - Beginning</b>					<b>(2,206,486)</b>	<b>971,172</b>	<b>(1,235,314)</b>
<b>Net Position - Ending</b>					<b>\$ 2,108,273</b>	<b>\$ 1,029,865</b>	<b>\$ 3,138,138</b>

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, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 784,839	\$ 127,911	\$ 9,553,741	\$ 56,845	\$ 10,523,336
Interfund Receivable	423,783				423,783
Receivables from Federal Government		289,599			289,599
Receivables from State Government	724,085	13,302			737,387
Receivables - Other	110,918	88			111,006
Restricted Cash and Cash Equivalents	4,303,193				4,303,193
<b>Total Assets</b>	<b>\$ 6,346,818</b>	<b>\$ 430,900</b>	<b>\$ 9,553,741</b>	<b>\$ 56,845</b>	<b>\$ 16,388,304</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Interfund Payable		\$ 315,000			\$ 315,000
Payable to State Government		21,687			21,687
Accounts Payable	\$ 1,047,541	94,213			1,141,754
Unearned Revenue	35,168				35,168
<b>Total Liabilities</b>	<b>1,082,709</b>	<b>430,900</b>			<b>1,513,609</b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve Account	4,033,193				4,033,193
Maintenance Reserve Account	270,000				270,000
<b>Restricted, Reported in:</b>					
Debt Service Fund				\$ 56,845	56,845
Committed			\$ 9,553,741		9,553,741
<b>Assigned:</b>					
For Subsequent Year's Expenditures	523,000				523,000
Unassigned	437,916				437,916
<b>Total Fund Balances</b>	<b>5,264,109</b>	<b>- 0 -</b>	<b>9,553,741</b>	<b>56,845</b>	<b>14,874,695</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,346,818</b>	<b>\$ 430,900</b>	<b>\$ 9,553,741</b>	<b>\$ 56,845</b>	<b>\$ 16,388,304</b>

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

Total Fund Balances (Per Above)	\$ 14,874,695
Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds.	46,376,157
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(19,342,895)
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	4,790,210
Deferred Inflows of Resources Related to Pensions	(7,329,091)
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.	(35,377,016)
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 \$1,177,254.	1,618,705
Bond Issuance Premiums are reported as revenue in the Funds. These premiums total \$5,428,927 and the accumulated amortization is \$2,285,864.	(3,143,063)
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(359,429)
<b>Net Position of Governmental Activities (Exhibit A-1)</b>	<b>\$ 2,108,273</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, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 58,778,040			\$ 2,577,170	\$ 61,355,210
Tuition Charges	298,046				298,046
Miscellaneous	353,295	\$ 6,665	\$ 89,140		449,100
Total - Local Sources	59,429,381	6,665	89,140	2,577,170	62,102,356
State Sources	18,386,797	358,152	688,691		19,433,640
Federal Sources	3,379	869,395			872,774
Total Revenues	77,819,557	1,234,212	777,831	2,577,170	82,408,770
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	20,953,869	102,268			21,056,137
Special Education Instruction	3,189,322	896,792			4,086,114
Other Special Instruction	227,914				227,914
School-Sponsored Other Instruction	2,992,243				2,992,243
Support Services and Undistributed Costs:					
Tuition	4,916,322				4,916,322
Student & Instruction Related Services	6,791,822	235,152			7,026,974
General Administration Services	979,601				979,601
School Administration Services	2,123,440				2,123,440
Central Services	1,149,641				1,149,641
Administrative Information Technology	688,519				688,519
Plant Operations and Maintenance	4,331,662				4,331,662
Pupil Transportation	4,511,805				4,511,805



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<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>EXPENDITURES</b>					
Current:					
Allocated Benefits	\$ 9,952,200				\$ 9,952,200
Unallocated Benefits	9,684,696				9,684,696
Capital Outlay	1,669,562		\$ 4,190,913		5,860,475
Special Schools	308,819				308,819
Debt Service:					
Principal				\$ 1,555,000	1,555,000
Interest and Other Charges				1,061,950	1,061,950
Total Expenditures	<u>74,471,437</u>	<u>\$ 1,234,212</u>	<u>4,190,913</u>	<u>2,616,950</u>	<u>82,513,512</u>
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	<u>3,348,120</u>	<u>- 0 -</u>	<u>(3,413,082)</u>	<u>(39,780)</u>	<u>(104,742)</u>
<b>OTHER FINANCING SOURCES/(USES)</b>					
ESIP Bond Proceeds			8,230,000		8,230,000
ESIP Bond Premium			927,177		927,177
Transfers In	789,522		3,278,580	48,873	4,116,975
Transfers Out	<u>(3,278,580)</u>		<u>(838,395)</u>		<u>(4,116,975)</u>
Total Other Financing Sources/(Uses)	<u>(2,489,058)</u>	<u>- 0 -</u>	<u>11,597,362</u>	<u>48,873</u>	<u>9,157,177</u>
Net Change in Fund Balances	859,062	- 0 -	8,184,280	9,093	9,052,435
Fund Balance—July 1	<u>4,405,047</u>	<u>- 0 -</u>	<u>1,369,461</u>	<u>47,752</u>	<u>5,822,260</u>
Fund Balance—June 30	<u>\$ 5,264,109</u>	<u>\$ - 0 -</u>	<u>\$ 9,553,741</u>	<u>\$ 56,845</u>	<u>\$ 14,874,695</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, 2019

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ 9,052,435
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	\$ (3,469,586)
	Capital Outlays	<u>5,219,260</u>
		1,749,674
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.		1,555,000
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 (+).		(63,502)
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)
Proceeds from debt issues are an other financing source in the Governmental Funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.		(8,230,000)
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.		459,214
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		3,041,799
Change in Deferred Outflows of Resources Related to Pensions		(1,652,044)
Change in Deferred Inflows of Resources Related to Pensions		(1,710,439)
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>(25,956)</u>
Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 4,314,759</u>

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			
	Major Funds			Total Enterprise Funds
	Food Service	Academy for Technology	Shared Services	
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 312,956	\$ 6,619		\$ 319,575
Receivable from:				
Federal Government	14,616			14,616
State Government	444			444
Receivables - Other			\$ 111,567	111,567
Inventories	11,748			11,748
Total Current Assets	339,764	6,619	111,567	457,950
Non-Current Assets:				
Capital Assets	611,674	1,002,113		1,613,787
Less: Accumulated Depreciation	(301,624)	(591,096)		(892,720)
Total Non-Current Assets	310,050	411,017		721,067
Total Assets	649,814	417,636	111,567	1,179,017
<b>LIABILITIES:</b>				
Current Liabilities:				
Interfund Payable - General Fund			108,783	108,783
Accounts Payable	7,965		2,784	10,749
Unearned Revenue - Prepaid Sales	29,620			29,620
Total Current Liabilities	37,585		111,567	149,152
Total Liabilities	37,585		111,567	149,152
<b>NET POSITION:</b>				
Investment in Capital Assets	310,050	411,017		721,067
Unrestricted	302,179	6,619		308,798
Total Net Position	\$ 612,229	\$ 417,636	\$ -0-	\$ 1,029,865

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, 2019

	Business-Type Activities - Enterprise Funds			
	Major Funds			Total Enterprise Funds
	Food Service	Academy for Technology	Shared Services	
Operating Revenue:				
Charges for Services:				
Daily Sales:				
Reimbursable Programs	\$ 450,645			\$ 450,645
Non-Reimbursable Programs	734,257			734,257
Total Daily Sales	1,184,902			1,184,902
Special Events	45,090			45,090
Tuition		\$ 1,559,467		1,559,467
Service Fees			\$ 1,294,678	1,294,678
Total Operating Revenue	1,229,992	1,559,467	1,294,678	4,084,137
Operating Expenses:				
Cost of Sales:				
Reimbursable Programs	521,894			521,894
Non-Reimbursable Programs	205,731			205,731
Total Cost of Sales	727,625			727,625
Salaries	434,598	1,234,778	882,998	2,552,374
Payroll Taxes	62,790	29,268	28,782	120,840
Employee Benefits	32,218	278,812	220,949	531,979
Purchased Professional - Educational Services			120,970	120,970
Other Purchased Services			500	500
Purchased Property Services	172,099			172,099
Transportation		16,609		16,609
Supplies and Materials	56,102		40,479	96,581
Depreciation Expense	31,015	19,573		50,588
Total Operating Expenses	1,516,447	1,579,040	1,294,678	4,390,165
Operating Income/(Loss)	(286,455)	(19,573)	-0-	(306,028)
Non-Operating Revenue:				
Federal Sources:				
School Breakfast Program	58,213			58,213
National School Lunch Program	231,243			231,243
Food Distribution Program	65,702			65,702
State Sources - School Lunch Program	9,563			9,563
Total Non-Operating Revenue	364,721			364,721
Change in Net Position	78,266	(19,573)	-0-	58,693
Net Position - Beginning of Year	533,963	437,209	-0-	971,172
Net Position - End of Year	\$ 612,229	\$ 417,636	\$ -0-	\$ 1,029,865

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, 2019

	Business-Type Activities - Enterprise Funds			
	Major Funds			Total Enterprise Funds
	Food Service	Academy for Technology	Shared Services	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 1,233,865	\$ 1,559,467	\$ 1,563,759	\$ 4,357,091
Payments to Employees		(1,264,046)	(911,780)	(2,175,826)
Payments to Food Service Vendor	(1,452,055)			(1,452,055)
Payments to Suppliers	(14,423)	(295,421)	(651,979)	(961,823)
Net Cash Provided by/(Used for) Operating Activities	(232,613)	-0-	-0-	(232,613)
Cash Flows from Noncapital and Related Financing Activities:				
Federal Subsidy Reimbursements	290,886			290,886
State Subsidy Reimbursements	9,635			9,635
Net Cash Provided by Noncapital and Related Financing Activities	300,521	-0-	-0-	300,521
Cash Flows from Capital and Related Financing Activities:				
Purchase of Capital Assets	(61,440)			(61,440)
Net Cash Used for Capital and Related Financing Activities	(61,440)	-0-	-0-	(61,440)
Net Increase in Cash and Cash Equivalents	6,468	-0-	-0-	6,468
Cash and Cash Equivalents, July 1	306,488	6,619	-0-	313,107
Cash and Cash Equivalents, June 30	\$ 312,956	\$ 6,619	\$ -0-	\$ 319,575
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Operating Income/(Loss)	\$ (286,455)	\$ (19,573)	\$ -0-	\$ (306,028)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Depreciation	31,015	19,573		50,588
Federal Food Distribution Program	65,702			65,702
Changes in Assets and Liabilities:				
Decrease in Other Receivables			269,081	269,081
Decrease in Inventory	5,187			5,187
Increase/(Decrease) in Accounts Payable	(51,935)		1,644	(50,291)
(Decrease) in Interfund Payable			(270,725)	(270,725)
Increase in Unearned Revenue	3,873			3,873
Net Cash Provided by/(Used for) Operating Activities	\$ (232,613)	\$ -0-	\$ -0-	\$ (232,613)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$65,702 for the fiscal year ended June 30, 2019.

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, 2019

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 391,274	\$ 153,129	\$ 406,298
Total Assets	<u>391,274</u>	<u>153,129</u>	<u>406,298</u>
<b>LIABILITIES:</b>			
Payroll Deductions and Withholdings	40,650		
Due to Student Groups	<u>350,624</u>		
Total Liabilities	<u>391,274</u>	<u>- 0 -</u>	<u>- 0 -</u>
<b>NET POSITION:</b>			
Held in Trust for:			
Unemployment Claims		153,129	
Scholarships			<u>406,298</u>
Total Net Position	<u>\$ - 0 -</u>	<u>\$ 153,129</u>	<u>\$ 406,298</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, 2019

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
ADDITIONS:		
Contributions:		
Employee	\$ 96,780	
Donations		\$ 21,763
Total Contributions	<u>96,780</u>	<u>21,763</u>
Investment Earnings:		
Interest	<u>1,008</u>	<u>6,998</u>
Net Investment Earnings	<u>1,008</u>	<u>6,998</u>
Total Additions	<u>97,788</u>	<u>28,761</u>
DEDUCTIONS:		
Unemployment Claims	72,653	
Scholarships Awarded		<u>36,150</u>
Total Deductions	<u>72,653</u>	<u>36,150</u>
Change in Net Position	25,135	(7,389)
Net Position - Beginning of the Year	<u>127,994</u>	<u>413,687</u>
Net Position - End of the Year	<u>\$ 153,129</u>	<u>\$ 406,298</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, 2019

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, 2019  
(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, 2019  
(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, and Shared Services) Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria, academy for technology and shared services (special education and custodial) operations. The food service, academy for technology and shared services (special education 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, 2019  
(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, 2019 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, 2019  
(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	\$ 77,850,845	\$ 1,234,212
Difference - Budget to GAAP:		
Prior Year State aid payments recognized for GAAP statements, not recognized for budgetary purposes	740,871	
Current Year State aid payments recognized for budgetary purposes, not recognized for GAAP statements	(772,159)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 77,819,557	\$ 1,234,212
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 74,471,437	\$ 1,234,212
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 74,471,437	\$ 1,234,212

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(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)	\$ (480,089)	\$ 10,099,681
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	1,168,780	(545,940)
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds (GAAP Basis) (Exhibit B-2)	\$ 688,691	\$ 9,553,741

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, 2019  
(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, 2019.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(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, 2019.

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, 2019  
(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 \$5,264,109 General Fund balance at June 30, 2019, \$4,033,193 is restricted in the capital reserve account; \$270,000 is restricted in the maintenance reserve account; \$523,000 is assigned and included as anticipated budget revenue for the fiscal year ending June 30, 2020; and \$437,916 is unassigned which is \$772,159 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which are not recognized until the fiscal year ended June 30, 2020.

Capital Projects Fund: The \$9,553,741 Capital Projects Fund balance at June 30, 2019 is committed, which is \$545,940 less on the GAAP basis due to NJSDA grants revenue 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, 2019 of \$56,845 is restricted, of which \$35,614 is included as anticipated budget revenue for the fiscal year ending June 30, 2020.

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, 2019.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$772,159 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, 2019  
(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 \$9,553,741 of committed resources in the Capital Projects Fund at June 30, 2019.

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 \$523,000 of assigned resources for subsequent fiscal year's expenditures in the General Fund at June 30, 2019.

R. Deficit Net Position:

The District has a \$18,769,814 deficit in unrestricted net position primarily due to the accrual of \$3,900,203 in compensated absences payable, \$359,429 in accrued interest payable, \$3,143,063 of unamortized bond premiums, deferred inflows related to pensions of \$7,329,091, and net pension liability of \$19,342,895, offset by deferred outflows related to pensions of \$5,722,901, deferred amount on debt refunding of \$1,618,705, and Governmental Funds unassigned, committed and assigned fund balances. The deficit balance does 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, 2019 related to pensions and for the deferred amount on refunding of debt related to the District's 2012 refunding bonds.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(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, 2019 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 the academy for technology and fees for shared services (special education 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, 2019  
(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  
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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, 2019  
(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  
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NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

As of June 30, 2019, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents		
		Capital Reserve Account	Maintenance Reserve Account	Total
Checking and Savings Accounts	\$ 11,793,612	\$ 4,033,193	\$ 270,000	\$ 16,096,805

During the period ended June 30, 2019, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2019 was \$16,096,805 and the bank balance was \$16,525,053.

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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	\$ 3,938,081
Interest Earnings	200
Increase by Board Resolution - June 24, 2019	3,200,000
Unexpended Funds Returned	783,492
Budgeted Withdrawals	(3,468,580)
Withdrawals by Board Resolution	(420,000)
Ending Balance, June 30, 2019	\$ 4,033,193

The balance in the capital reserve account at June 30, 2019 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  
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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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	\$ 212,176
Interest Earnings	10
Increase by Board Resolution - June 24, 2019	173,014
Unexpended Funds Returned	4,800
Budgeted Withdrawals	(110,000)
Withdrawals by Board Resolution	<u>(10,000)</u>
Ending Balance, June 30, 2019	<u>\$ 270,000</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
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NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2019 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 288,500			\$ 288,500
Construction in Progress	2,609,639	\$ 4,190,913	\$(4,464,476)	2,336,076
Total Capital Assets Not Being Depreciated	<u>2,898,139</u>	<u>4,190,913</u>	<u>(4,464,476)</u>	<u>2,624,576</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	97,730,494		4,464,476	102,194,970
Land Improvements	4,905,316			4,905,316
Machinery and Equipment	13,181,920	1,028,347		14,210,267
Total Capital Assets Being Depreciated	<u>115,817,730</u>	<u>1,028,347</u>	<u>4,464,476</u>	<u>121,310,553</u>
Governmental Activities Capital Assets	<u>118,715,869</u>	<u>5,219,260</u>		<u>123,935,129</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(61,102,789)	(2,359,230)		(63,462,019)
Land Improvements	(3,311,194)	(160,853)		(3,472,047)
Machinery and Equipment	(9,675,403)	(949,503)		(10,624,906)
	<u>(74,089,386)</u>	<u>(3,469,586)</u>		<u>(77,558,972)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 44,626,483</u>	<u>\$ 1,749,674</u>	<u>\$ -0-</u>	<u>\$ 46,376,157</u>
	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
<b>Business Type Activities:</b>				
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 782,890			\$ 782,890
Machinery and Equipment	769,457	\$ 61,440		830,897
Total Capital Assets Being Depreciated	<u>1,552,347</u>	<u>61,440</u>		<u>1,613,787</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(352,300)	(19,573)		(371,873)
Machinery and Equipment	(489,832)	(31,015)		(520,847)
	<u>(842,132)</u>	<u>(50,588)</u>		<u>(892,720)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 710,215</u>	<u>\$ 10,852</u>	<u>\$ -0-</u>	<u>\$ 721,067</u>



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 6. CAPITAL ASSETS (Cont'd)

The increases totaling \$5,280,700 including \$4,190,913 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, 2019, the District had active construction projects balances totaling \$10,099,681 and had no outstanding construction encumbrances.

Depreciation expense was charged directly to governmental functions as follows:

Regular Instruction	\$ 65,180
Student and Instruction Related Services	65,763
General Administrative Services	507,982
Plant Operations and Maintenance	26,161
Pupil Transportation	236,949
Unallocated (Not Associated with an Identifiable Function or Program)	<u>2,567,551</u>
	<u>\$ 3,469,586</u>

NOTE 7: TRANSFERS TO/FROM CAPITAL OUTLAY

During the fiscal year ended June 30, 2019, the District transferred \$118,072 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, 2019, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance			Balance	Balance Due
	6/30/2018	Added	Retired	6/30/2019	Within One Year
Serial Bonds Payable	\$23,860,000		\$ 1,555,000	\$22,305,000	\$ 1,610,000
ESIP Bonds Payable		\$ 8,230,000		8,230,000	- 0 -
Compensated Absences Payable	3,874,247	106,196	80,240	3,900,203	- 0 -
Unamortized Bond Issuance					
Premiums	3,428,796		285,733	3,143,063	285,733
Net Pension Liability	22,384,694		3,041,799	19,342,895	- 0 -
Capital Lease Payable	1,401,027		459,214	941,813	466,965
	<u>\$54,948,764</u>	<u>\$ 8,336,196</u>	<u>\$ 5,421,986</u>	<u>\$57,862,974</u>	<u>\$ 2,362,698</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.

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

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

A. Bonds Payable: (Cont'd)

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

The District had refunding bonds outstanding as of June 30, 2019 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>\$22,305,000</u>

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

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2024	1,895,000	726,375	2,621,375
Thereafter:			
2025-2029	11,030,000	2,071,250	13,101,250
2030	2,550,000	63,750	2,613,750
	<u>\$22,305,000</u>	<u>\$ 6,508,125</u>	<u>\$ 28,813,125</u>

On April 3, 2019, the District issued energy savings obligation refunding bonds of \$8,230,000 with interest rates ranging from 2.0% to 5.0%. The bonds mature on July 15, 2020 through 2039. The energy savings obligation refunding bonds were issued to fund the implementation of the District's energy savings improvement plan ("ESIP"), entailing various permitted energy conservation measures under the ESIP Law. This includes installation of interior and exterior lighting upgrades and replacements, lighting occupancy sensors, energy management systems, HVAC systems and control systems, building exterior weatherization improvements and small-scale solar PV systems.

The ESIP Law (P.L. 2009, c. 4) allowed the District to issue energy savings obligation refunding bonds without voter approval to fund certain improvements that result in reduced energy use, facilities for production of renewable energy or water conservation improvements (collectively, "ECMs"); provided that the value of the savings will cover the cost of the ECMs. The ESIP law provides, however, that notwithstanding any law to the contrary, energy savings obligation refunding bonds shall not be excepted from any budget or school levy limitation otherwise provided by law, and shall be funded through appropriations in the General Fund annual budget, on the basis that the costs of implemented energy conservation measures should be fully offset by energy savings to be generated by such measures (on both an annual and aggregate basis).

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
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(Continued)

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

A. Bonds Payable: (Cont'd)

The District had ESIP bonds outstanding as of June 30, 2019 as follows:

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
ESIP Bonds	7/15/2039	2.00%-5.00%	<u>\$ 8,230,000</u>

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

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020		\$ 280,316	\$ 280,316
2021	\$ 260,000	355,250	615,250
2022	425,000	344,150	769,150
2023	470,000	326,250	796,250
2024	285,000	311,150	596,150
Thereafter:			
2025-2029	1,460,000	1,352,650	2,812,650
2030-2034	2,095,000	981,250	
2035-2039	2,605,000	484,325	
2040	630,000	15,750	645,750
	<u>\$ 8,230,000</u>	<u>\$ 4,451,091</u>	<u>\$ 6,515,516</u>

The Debt Service Fund will be used to liquidate the serial bonds payable. The ESIP bonds payable will be liquidated by the General Fund.

B. Bonds Authorized But Not Issued:

As of June 30, 2019, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

In fiscal year 2016, the District entered into a five-year capital lease agreement in the amount of \$2,300,000 for the local share of four District NJSDA grant projects in the Capital Projects Fund of which \$1,358,187 has been liquidated as of June 30, 2019. The gross amount of assets acquired under capital leases have been classified as building improvements in the District's capital assets. 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, 2019.

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 482,863
2021	482,863
	<u>965,726</u>
Less: Amount representing interest	<u>(23,913)</u>
Present value of net minimum lease payments	<u>\$ 941,813</u>

The current portion of capital leases payable at June 30, 2019 is \$466,965 and the long-term portion is \$474,848. 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  
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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, 2019 is \$285,733 and the long-term portion is \$2,857,330.

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, 2019 is \$0- and the long-term portion is \$3,900,203.

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, 2019.

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, 2019 is \$0- and the long-term portion is \$19,342,895. 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 tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

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

<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

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
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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 \$1,013,329 for fiscal year 2019.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the District reported a liability of \$19,342,895 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.0982%, which was an increase of 0.0021% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$1,298,993.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
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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)

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Amortization Period</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions:			
2014	6.44 years	\$ 153,100	
2015	5.72 years	691,002	
2016	5.57 years	2,343,287	
2017	5.48 years		\$ 3,565,716
2018	5.63 years		2,619,113
Subtotal		<u>3,187,389</u>	<u>6,184,829</u>
Changes in Proportion:			
2014	6.44 years	244,154	
2015	5.72 years		48,779
2016	5.57 years	604,202	
2017	5.48 years		814,308
2018	5.63 years	385,593	
Subtotal		<u>1,233,949</u>	<u>863,087</u>
Difference Between Expected and Actual Experience:			
2015	5.72 years	191,716	
2016	5.57 years	71,112	
2017	5.48 years	106,044	
2018	5.63 years		99,738
Subtotal		<u>368,872</u>	<u>99,738</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2015	5 years		(116,883)
2016	5 years		(653,433)
2017	5 years		588,121
2018	5 years		363,632
Subtotal			<u>181,437</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
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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)

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (Cont'd)

	Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
District Contribution Subsequent to the Measurement Date - 2018	1 year	\$ 932,691	
		\$ 5,722,901	\$ 7,329,091

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:

Fiscal Year Ending June 30,	Total
2019	\$ 134,250
2020	(185,871)
2021	(1,332,843)
2022	(1,155,329)
2023	(369,950)
	\$ (2,909,743)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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 Conduent modified 2014 projection scale.

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)

Actuarial Assumptions (Cont'd)

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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2017 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, 2018) 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 Markets 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 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, 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, 2018 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, 2018		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's proportionate share of the Net Pension Liability	\$ 24,321,462	\$ 19,342,895	\$ 15,166,196

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.gov/treasury/pensions/financial-reports.shtml](http://www.state.nj.gov/treasury/pensions/financial-reports.shtml).

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(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 2019, the State's pension contribution was less than the actuarial determined amount.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Special Funding Situation

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 2019, the State of New Jersey contributed \$5,204,484 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$9,786,148.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the State's proportionate share of the net pension liability associated with the District was \$167,868,526. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.2639%, which was a decrease of 0.0037% from its proportion measured as of June 30, 2017.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>167,868,526</u>
Total	<u>\$ 167,868,526</u>

For the fiscal year ended June 30, 2018, the State recognized pension expense on behalf of the District in the amount of \$9,786,148 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 financial statements.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(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	8.50 years	\$ 1,076,424,469	
2015	8.30 years	3,063,649,492	
2016	8.30 years	6,913,685,892	
2017	8.30 years		\$ 10,084,192,916
2018	8.29 years		5,994,557,085
Difference Between Expected and Actual Experience:			
2014	8.50 years		10,252,211
2015	8.30 years	189,214,650	
2016	8.30 years		85,977,601
2017	8.30 years	179,419,108	
2018	8.29 years	1,051,605,259	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2015	5 years		(192,642,062)
2016	5 years		(863,710,381)
2017	5 years		678,024,787
2018	5 years		384,121,486
		<u>\$ 12,473,998,870</u>	<u>\$ 16,180,773,643</u>

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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
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Total Thereafter	(3,210,092,402)
	\$ (3,706,774,773)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55% - 4.55%
Thereafter	2.00% - 5.45%
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 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  
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(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, 2018) 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 Markets 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 4.86% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 50% 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 2040. Therefore, the long-term expected rate of return on pension 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 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, 2018 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, 2018		
	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 198,417,409	\$ 167,868,526	\$ 142,544,245

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  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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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 \$31,961 for the fiscal year ended June 30, 2019. Employee contributions to DCRP amounted to \$58,500 for the fiscal year ended June 30, 2019.

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 Codification Section P50, 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 GASB Codification Section P50. 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  
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(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.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2017, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	<u>217,131</u>
Total	<u><u>362,181</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018. 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.

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>
Salary Increases:		
Through 2026	1.55 - 4.55%	2.15 - 4.15%
	based on years of service	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%
	based on years of service	based on age

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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)

Actuarial Assumptions and Other Inputs (Cont'd)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Mortality Rates

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using scale MP-2017. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using scale MP-2017. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using scale MP-2017.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The assumed Medicare Advantage trend rate is 4.5% in all future years.

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively, a change of +.29%. 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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
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(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)

Changes in the State's Proportionate Share of the Total OPEB Liability Attributable to the District

	Total OPEB Liability
Balance at June 30, 2017	\$ 126,829,856
Changes for Year:	
Service Cost	4,381,225
Interest Cost	4,646,229
Difference Between Expected and Actual Experience	(8,542,298)
Changes in Assumptions	(12,809,410)
Member Contributions	103,159
Gross Benefit Payments	(2,984,785)
Net Changes	(15,205,880)
Balance at June 30, 2018	\$ 111,623,976

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, 2018 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, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB Liability Attributable to the District	\$ 131,962,262	\$ 111,623,976	\$ 95,457,139

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

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, 2018 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, 2018		
	1%	Healthcare	1%
	Decrease	Cost Trend Rate	Increase
Total OPEB Liability Attributable to the District	\$ 92,263,717	\$ 111,623,976	\$ 137,228,659

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

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$5,057,164 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 Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, 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, 2018, the State deferred outflows of resources and deferred inflows of resources related to OPEB attributable to the District is from the following sources:

	Year of Deferral	Original Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumption	2017	9.54 years		\$ (13,558,616)
Changes in Assumption	2018	9.51 years		(11,462,469)
				(25,021,085)
Difference Between Expected and Actual Experience	2018	9.51 years		(10,835,600)
Changes in Proportion	N/A	N/A	\$ 3,022,207	(228,101)
			\$ 3,022,207	\$ (36,084,786)

N/A - Not Available

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(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)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB  
(Cont'd)

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

Fiscal Year Ending June 30,	Total
2019	\$ (4,418,445)
2020	(4,418,445)
2021	(4,418,445)
2022	(4,418,445)
2023	(4,418,445)
Total Thereafter	(13,764,460)
	\$ (35,856,685)

NOTE 11. RISK MANAGEMENT

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

Property and Liability Insurance

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

The June 30, 2019 audit report for the Group is not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2018 is as follows:

	<u>New Jersey Schools Insurance Group (NJSIG)</u>
Total Assets	\$ 342,337,056
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

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>
2018-2019	\$ -0-	\$ 1,008	\$ 96,780	\$ 72,653	\$ 153,129
2017-2018	-0-	10	138,523	134,939	127,994
2015-2016	-0-	7	96,052	74,372	124,400

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 12. DEFERRED COMPENSATION

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

The plan administrators are as follows:

403b

The Legend Group 4600 East Park Drive Suite 300 Palm Beach Gardens, FL 33410	Equitable Life Insurance Co. AXA Advisors, LLC 90 Woodbridge Center Drive Woodbridge, NJ 07095	Aspire Financial Services 4010 Boy Scout Boulevard Suite 450 Tampa, FL 33607
Lincoln National Life Insurance Co. PO Box 2340 Fort Wayne, IN 46801-2340	Mass Mutual Financial Group 1295 State Street Springfield, MA 01111-0001	MetLife PO Box 10356 Des Moines, IA 50303-0356
Variable Annuity Life Insurance Co. 205 E. 10th Avenue Amarillo, TX 79101	Security Benefit One Security Benefit Place Topeka, KS 66636	Lincoln Investment Planning 601 Office Center Drive Suite 300 Fort Washington, PA 19034

457

Equitable Life Insurance Co. AXA Advisors, LLC 90 Woodbridge Center Drive Woodbridge, NJ 07095	The Legend Group 4600 East Park Drive Suite 300 Palm Beach Gardens, FL 33410	MetLife PO Box 10356 Des Moines, IA 50303-0356
Security Benefit One Security Benefit Place Topeka, KS 66636		

NOTE 13. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following interfund balances remained on the balance sheet at June 30, 2019:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 423,783	
Special Revenue Fund		\$ 315,000
Proprietary Funds - Shared Services		108,783
	<u>\$ 423,783</u>	<u>\$ 423,783</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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

During the fiscal year, the General Fund transferred \$3,278,580 to the Capital Projects Fund for the local share of capital projects, and the Capital Projects Fund transferred \$699,772 of unexpended balance for the local share of projects, \$49,483 of unexpended capital lease proceeds for projects and \$40,267 of interest earnings to the General Fund and \$48,873 of interest earnings to the Debt Service Fund.

NOTE 14. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2019:

	<u>Governmental Funds</u>		<u>District Contribution Subsequent to the Measurement Date</u>	<u>Total Governmental Activities</u>	<u>Business- Type Activities Proprietary Funds</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>			
Salaries	\$ 31,853			\$ 31,853	
Vendors	1,015,688	\$ 94,213		1,109,901	\$ 10,749
Due to State of New Jersey			\$ 932,691	932,691	
	<u>\$ 1,047,541</u>	<u>\$ 94,213</u>	<u>\$ 932,691</u>	<u>\$ 2,074,445</u>	<u>\$ 10,749</u>

NOTE 15. CONTINGENCIES

Litigation

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

Grant Programs

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

NOTE 16. ECONOMIC DEPENDENCY

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



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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 \$37,531 from one payment in lieu of taxes ("PILOT") agreement. The taxes which would have been paid on this property for 2018 without the abatement would have been \$289,427 of which \$70,285 would have been regional school taxes.

The Borough of Wharton recognized revenue in the amount of \$606,472 from two payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2018 without the abatements would have been \$1,176,090 of which \$242,067 would have been regional school taxes.

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 FIVE FISCAL YEARS

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's Proportion of the Net Pension Liability	0.0962923203%	0.0954496502%	0.1020423880%	0.0961607878%	0.0982396375%
District's Proportionate Share of the Net Pension Liability	\$ 18,028,556	\$ 21,426,534	\$ 30,222,029	\$ 22,384,694	\$ 19,342,895
District's Covered Employee Payroll	\$ 6,627,964	\$ 6,819,569	\$ 6,608,576	\$ 6,781,784	\$ 6,639,087
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%	291.35%
Plan Fiduciary Net Position as a % of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%	53.60%

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 FIVE FISCAL YEARS

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 793,820	\$ 820,611	\$ 912,135	\$ 903,471	\$ 1,013,329
Contributions in relation to the Contractually Required Contribution	<u>(793,820)</u>	<u>(820,611)</u>	<u>(912,135)</u>	<u>(903,471)</u>	<u>(1,013,329)</u>
Contribution Deficiency/(Excess)	<u>\$ -0-</u>	<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	\$ 6,781,784
Contributions as a % of Covered Employee Payroll	12.29%	12.38%	13.38%	13.67%	14.94%

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 FIVE FISCAL YEARS

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's Proportion of the Net Pension Liability attributable to the District	0.2567333136%	0.2564323239%	0.2639141422%	0.2675915304%	0.2638701563%
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	\$ 167,868,526
District's Covered Employee Payroll	\$ 26,259,124	\$ 27,301,314	\$ 27,267,601	\$ 28,035,898	\$ 27,905,288
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%	601.57%
Plan Fiduciary Net Position as a % of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%	26.49%

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 FIVE FISCAL YEARS

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 7,383,488	\$ 9,896,210	\$ 15,599,128	\$ 12,498,574	\$ 9,786,148
Contributions in relation to the Contractually Required Contribution	(1,386,367)	(2,112,999)	(2,904,636)	(3,885,876)	(5,204,484)
Contribution Deficiency/(Excess)	<u>\$ 5,997,121</u>	<u>\$ 7,783,211</u>	<u>\$ 12,694,492</u>	<u>\$ 8,612,698</u>	<u>\$ 4,581,664</u>
District's Covered Employee Payroll	\$ 27,301,314	\$ 27,267,601	\$ 28,035,898	\$ 27,905,288	\$ 28,062,499
Contributions as a % of Covered Employee Payroll	5.08%	7.75%	10.36%	13.93%	18.55%

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 PROPORTIONATE SHARE OF THE TOTAL  
OPEB LIABILITY ATTRIBUTABLE TO THE DISTRICT AND RELATED RATIOS  
LAST TWO FISCAL YEARS

	<u>Fiscal Year Ending June 30,</u>	
	<u>2018</u>	<u>2017</u>
Total OPEB Liability		
Service Cost	\$ 4,381,225	\$ 5,288,809
Interest Cost	4,646,229	4,017,148
Difference Between Expected and Actual Experience	(8,542,298)	
Changes in Assumptions	(12,809,410)	(16,715,162)
Member Contributions	103,159	108,172
Gross Benefit Payments	<u>(2,984,785)</u>	<u>(2,937,649)</u>
Net Change in Total OPEB Liability	(15,205,880)	(10,238,682)
Total OPEB Liability - Beginning	<u>126,829,856</u>	<u>137,068,538</u>
Total OPEB Liability - Ending	<u>\$ 111,623,976</u>	<u>\$ 126,829,856</u>
District's Covered Employee Payroll *	\$ 34,817,682	\$ 33,876,177
Total OPEB Liability as a Percentage of Covered Employee Payroll	321%	374%

\* - Covered payroll for the fiscal years ending June 30, 2018 and 2017 is based on the payroll on the June 30, 2017 and 2016 census data, respectively.

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, 2019

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

	As of June 30,	
	2018	2017
Discount Rate	5.66%	5.00%
Municipal Bond Rate	3.87%	3.58%

The mortality rates utilized in the July 1, 2016 valuation were as follows: 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. 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 mortality rates utilized in the July 1, 2017 valuation were as follows: 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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. 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).



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

	As of June 30,	
	2018	2017
Discount Rate	4.86%	4.25%
Municipal Bond Rate	3.87%	3.58%
Salary Increases:		
2011 - 2026	1.55% - 4.55%	
Thereafter	2.00% - 5.45%	
2012 - 2021		Varies based on
Thereafter		experience

The mortality rates utilized in the July 1, 2016 valuation were as follows: 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 mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates utilized in the June 30, 2017 valuation were as follows: 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 scale MP-2017. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using scale MP-2017. 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 scale MP-2017.

The mortality rates utilized in the June 30, 2018 valuation were as follows: Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using scale MP-2017. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using scale MP-2017. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using scale MP-2017.

The health care trend rates utilized in the June 30, 2017 valuation were as follows: For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The assumed Medicare Advantage trend rate is 4.5% in all future years.

The health care trend rates utilized in the June 30, 2018 valuation were as follows: For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The assumed Medicare Advantage trend rate is 4.5% in all future years.

**BUDGETARY COMPARISON SCHEDULES**

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 58,778,040		\$ 58,778,040	\$ 58,778,040	
Tuition From Other LEA's Within the State	222,932		222,932	264,383	\$ 41,451
Tuition From Summer School	25,019		25,019	33,663	8,644
Interest Earned on Maintenance Reserve	10		10	10	
Interest Earned on Capital Reserve	200		200	200	
Miscellaneous	239,157		239,157	353,085	113,928
<b>Total - Local Sources</b>	<b>59,265,358</b>		<b>59,265,358</b>	<b>59,429,381</b>	<b>164,023</b>
<b>State Sources:</b>					
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	1,951,360		1,951,360	1,951,360	
Security Aid	58,232		58,232	58,232	
Transportation Aid	554,744		554,744	554,744	
Extraordinary Special Education Aid	333,518		333,518	609,326	275,808
Extraordinary Special Education Aid - Prior Year Additional				2,191	2,191
Nonpublic School Transportation Costs				20,898	20,898
On-Behalf TPAF Contributions:					
Post-Retirement Medical Benefits (Non-Budgeted)				2,410,162	2,410,162
Pension (Non-Budgeted)				5,204,484	5,204,484
Non-Contributory Insurance (Non-Budgeted)				108,943	108,943
Long-Term Disability Insurance (Non-Budgeted)				4,013	4,013
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,957,094	1,957,094
<b>Total State Sources</b>	<b>8,434,492</b>		<b>8,434,492</b>	<b>18,418,085</b>	<b>9,983,593</b>
<b>Federal Sources:</b>					
Medicaid Reimbursement (SEMI)	46,845		46,845	3,379	(43,466)
<b>Total Federal Sources</b>	<b>46,845</b>		<b>46,845</b>	<b>3,379</b>	<b>(43,466)</b>
<b>TOTAL REVENUES</b>	<b>67,746,695</b>		<b>67,746,695</b>	<b>77,850,845</b>	<b>10,104,150</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	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	\$ 18,594,848	\$ 229,549	\$ 18,824,397	\$ 18,579,219	\$ 245,178
Regular Programs - Home Instruction:					
Salaries of Teachers	100,000	(15,000)	85,000	76,267	8,733
Purchased Professional - Educational Services	100,000	15,000	115,000	111,440	3,560
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	200,000		200,000	200,000	
Other Purchased Services (400-500 series)	905,094	(172,775)	732,319	593,811	138,508
General Supplies	1,337,906	(147,736)	1,190,170	1,107,186	82,984
Textbooks	261,058	24,900	285,958	270,452	15,506
Other Objects	15,811	10,249	26,060	15,494	10,566
<b>Total Regular Programs - Instruction</b>	<b>21,514,717</b>	<b>(55,813)</b>	<b>21,458,904</b>	<b>20,953,869</b>	<b>505,035</b>
<b>Special Education - Instruction:</b>					
Learning and/or Language Disabilities:					
Salaries of Teachers	278,898	100	278,998	278,499	499
Other Salaries for Instruction	99,532		99,532	96,356	3,176
General Supplies	5,000	(520)	4,480	3,819	661
Textbooks	5,000	1,790	6,790	6,627	163
<b>Total Learning and/or Language Disabilities</b>	<b>388,430</b>	<b>1,370</b>	<b>389,800</b>	<b>385,301</b>	<b>4,499</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	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	\$ 307,946		\$ 307,946	\$ 305,096	\$ 2,850
Other Salaries for Instruction	100,614		100,614	77,107	23,507
Other Purchased Services (400-500 series)	4,000		4,000	2,695	1,305
General Supplies	5,000	\$ (400)	4,600	2,604	1,996
Textbooks	5,000	320	5,320	5,281	39
<b>Total Multiple Disabilities</b>	<b>422,560</b>	<b>(80)</b>	<b>422,480</b>	<b>392,783</b>	<b>29,697</b>
Resource Room/Resource Center:					
Salaries of Teachers	2,420,930	(50,400)	2,370,530	2,231,661	138,869
Other Salaries for Instruction	124,150	57,000	181,150	178,980	2,170
Other Purchased Services (400-500 series)		50	50	27	23
General Supplies		600	600	570	30
<b>Total Resource Room/Resource Center</b>	<b>2,545,080</b>	<b>7,250</b>	<b>2,552,330</b>	<b>2,411,238</b>	<b>141,092</b>
<b>Total Special Education Instruction</b>	<b>3,356,070</b>	<b>8,540</b>	<b>3,364,610</b>	<b>3,189,322</b>	<b>175,288</b>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	554,052	(554,052)			
<b>Total Basic Skills/Remedial - Instruction</b>	<b>554,052</b>	<b>(554,052)</b>			

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 146,410	\$ 80,865	\$ 227,275	\$ 227,271	\$ 4
Other Purchased Services (400-500 series)	200	(150)	50	47	3
General Supplies	200	400	600	596	4
Textbooks	200	(200)			
<b>Total Bilingual Education - Instruction</b>	<b>147,010</b>	<b>80,915</b>	<b>227,925</b>	<b>227,914</b>	<b>11</b>
<b>School-Sponsored Cocurricular Activities - Instruction:</b>					
Salaries	543,749		543,749	524,978	18,771
Purchased Services (300-500 series)	35,900	(2,809)	33,091	26,132	6,959
Supplies and Materials	15,957	(2,271)	13,686	11,220	2,466
Other Objects	14,400	(750)	13,650	11,258	2,392
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>	<b>610,006</b>	<b>(5,830)</b>	<b>604,176</b>	<b>573,588</b>	<b>30,588</b>
<b>School-Sponsored Cocurricular Athletics - Instruction:</b>					
Salaries	2,019,433	(43,925)	1,975,508	1,951,691	23,817
Purchased Services (300-500 series)	195,419	39,635	235,054	210,478	24,576
Supplies and Materials	175,250	15,254	190,504	188,949	1,555
Other Objects	54,400	13,981	68,381	67,537	844
<b>Total School-Sponsored Cocurricular Athletics - Instruction</b>	<b>2,444,502</b>	<b>24,945</b>	<b>2,469,447</b>	<b>2,418,655</b>	<b>50,792</b>
<b>Total Instruction</b>	<b>28,626,357</b>	<b>(501,295)</b>	<b>28,125,062</b>	<b>27,363,348</b>	<b>761,714</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	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	\$ 885,032	\$ (91,940)	\$ 793,092	\$ 761,359	\$ 31,733
Tuition to County Vocational Schools - Regular	1,114,750	199,832	1,314,582	1,221,647	92,935
Tuition to County Vocational Schools - Special	91,000	(39,832)	51,168	51,168	
Tuition to County Special Services Schools and Regional Day Schools	2,912,701	174,560	1,74,560	163,800	10,760
Tuition to Private Schools for the Disabled - Within the State		(167,714)	2,744,987	2,641,485	103,502
Tuition to Private Schools for the Disabled and Other LEAs - Special - Outside the State	41,355		41,355	40,616	739
Tuition - State Facilities	36,247		36,247	36,247	
Tuition - Other	45,000	(35,290)	9,710		9,710
<b>Total Undistributed Expenditures - Instruction</b>	<b>5,126,085</b>	<b>39,616</b>	<b>5,165,701</b>	<b>4,916,322</b>	<b>249,379</b>
<b>Attendance and Social Work Services:</b>					
Salaries	104,149		104,149	103,765	384
Unused Vacation Payment to Terminated/Retired Staff	7,020		7,020	7,020	
Supplies and Materials	3,055		3,055	2,399	656
<b>Total Attendance and Social Work Services</b>	<b>114,224</b>		<b>114,224</b>	<b>106,164</b>	<b>8,060</b>
<b>Health Services:</b>					
Salaries	407,822		407,822	401,889	5,933
Purchased Professional and Technical Services	327,400	(75,500)	251,900	241,038	10,862
Other Purchased Services (400-500 series)	30,275	3,428	33,703	21,092	12,611
Supplies and Materials	5,875		5,875	5,545	330
<b>Total Health Services</b>	<b>771,372</b>	<b>(72,072)</b>	<b>699,300</b>	<b>669,564</b>	<b>29,736</b>



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	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	\$ 277,092	\$	277,092	\$ 261,867	\$ 15,225
Purchased Professional - Educational Services	200,000	200,094	400,094	365,348	34,746
Total Other Support Services - Speech, OT, PT and Related Services	477,092	200,094	677,186	627,215	49,971
Other Support Services - Students - Extraordinary Services:					
Salaries	695,444		695,444	505,671	189,773
Other Purchased Services (400-500 series)	8,000	8,000	8,000	4,206	3,794
Supplies and Materials	28,000	(3,120)	24,880	24,727	153
Total Other Support Services - Students - Extraordinary Services	723,444	4,880	728,324	534,604	193,720
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	1,488,279	30,000	1,518,279	1,508,236	10,043
Salaries of Secretarial and Clerical Assistants	166,741		166,741	164,420	2,321
Other Purchased Services (400-500 series)	62,222	117,362	179,584	95,939	83,645
Supplies and Materials	10,697	(90)	10,607	10,061	546
Other Objects	1,575	600	2,175	1,310	865
Total Other Support Services - Students - Guidance	1,729,514	147,872	1,877,386	1,779,966	97,420
Other Support Services - Child Study Teams:					
Salaries of Other Professional Staff	1,018,274	6,343	1,024,617	982,645	41,972
Salaries of Secretarial and Clerical Assistants	123,327	(100)	123,227	116,080	7,147
Unused Vacation Payment to Terminated/Retired Staff		100	100	96	4
Purchased Professional - Educational Services		1,000	1,000	590	410
Other Purchased Services (400-500 series)	30,000	13,748	43,748	40,464	3,284
Supplies and Materials	8,000	1,000	9,000	8,799	201
Total Other Support Services - Child Study Teams	1,179,601	22,091	1,201,692	1,148,674	53,018

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	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	\$ 762,817	\$ (24,000)	\$ 738,817	\$ 715,891	\$ 22,926
Salaries of Secretarial and Clerical Assistants	317,158		317,158	312,079	5,079
Unused Vacation Payment to Terminated/Retired Staff	29,800	(29,800)			
Other Purchased Services (400-500 series)	117,484	3,642	121,126	119,841	1,285
Supplies and Materials	1,500	(150)	1,350	535	815
Other Objects	951		951	89	862
<b>Total Improvement of Instructional Services</b>	<b>1,229,710</b>	<b>(50,308)</b>	<b>1,179,402</b>	<b>1,148,435</b>	<b>30,967</b>
Educational Media Services/School Library:					
Salaries	378,342		378,342	376,824	1,518
Other Purchased Services (400-500 series)	19,675	(2,285)	17,390	17,230	160
Supplies and Materials	103,125	(1,160)	101,965	101,665	300
<b>Total Educational Media Services/School Library</b>	<b>501,142</b>	<b>(3,445)</b>	<b>497,697</b>	<b>495,719</b>	<b>1,978</b>
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	153,354	24,000	177,354	175,351	2,003
Salaries of Other Professional Staff	10,000		10,000	8,934	1,066
Salaries of Secretarial and Clerical Assistants	55,968		55,968	55,073	895
Other Salaries	35,000		35,000	28,702	6,298
Other Purchased Services (400-500 series)	69,752	(57,569)	12,183	5,918	6,265
Supplies and Materials	12,537	(119)	12,418	7,503	4,915
<b>Total Instructional Staff Training Services</b>	<b>336,611</b>	<b>(33,688)</b>	<b>302,923</b>	<b>281,481</b>	<b>21,442</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Support Services - General Administration:					
Salaries	\$ 288,736	\$ 7,500	\$ 296,236	\$ 291,087	\$ 5,149
Legal Services	120,000	20,671	140,671	55,554	85,117
Audit Fees	77,180	(3,380)	73,800	72,800	1,000
Architectural/Engineering Services	34,000	21,000	55,000	32,079	22,921
Other Purchased Professional Services	20,000	(14,120)	5,880	3,386	2,494
Communications/Telephone	156,100	64,605	220,705	210,922	9,783
BOE Other Purchased Services	7,000	(5,000)	2,000	1,701	299
Miscellaneous Purchased Services (400-500 series)	291,348	(4,410)	286,938	264,925	22,013
General Supplies	26,150	(8,624)	17,526	12,584	4,942
Miscellaneous Expenditures	5,000	6,825	11,825	9,695	2,130
BOE Membership Dues and Fees	24,000	868	24,868	24,868	
<b>Total Support Services - General Administration</b>	<b>1,049,514</b>	<b>85,935</b>	<b>1,135,449</b>	<b>979,601</b>	<b>155,848</b>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	1,451,278	97,644	1,548,922	1,438,687	110,235
Salaries of Secretarial and Clerical Assistants	588,890	5,225	594,115	585,680	8,435
Unused Vacation Payment to Terminated/Retired Staff		75	75	64	11
Other Purchased Services (400-500 series)	130,226	(2,000)	128,226	73,956	54,270
Supplies and Materials	28,035	(1,500)	26,535	23,940	2,595
Other Objects	1,125		1,125	1,113	12
<b>Total Support Services - School Administration</b>	<b>2,199,554</b>	<b>99,444</b>	<b>2,298,998</b>	<b>2,123,440</b>	<b>175,558</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Central Services:					
Salaries	\$ 826,170	\$ 22,857	\$ 849,027	\$ 835,034	\$ 13,993
Purchased Professional Services	30,900	10,000	40,900	29,563	11,337
Miscellaneous Purchased Services (400-500 series)	178,000	92,406	270,406	231,965	38,441
Supplies and Materials	24,700	10,082	34,782	27,218	7,564
Interest on Lease Purchase Agreements	31,273		31,273	23,649	7,624
Miscellaneous Expenditures	5,050		5,050	2,212	2,838
<b>Total Central Services</b>	<b>1,096,093</b>	<b>135,345</b>	<b>1,231,438</b>	<b>1,149,641</b>	<b>81,797</b>
Administration Information Technology:					
Salaries	435,081	50,000	485,081	449,402	35,679
Other Purchased Services (400-500 series)	157,550		157,550	148,372	9,178
Supplies and Materials	95,098		95,098	90,745	4,353
<b>Total Administration Information Technology</b>	<b>687,729</b>	<b>50,000</b>	<b>737,729</b>	<b>688,519</b>	<b>49,210</b>
Required Maintenance for School Facilities:					
Salaries	589,060	(21,200)	567,860	553,883	13,977
Cleaning, Repair and Maintenance Services	114,000	102,000	216,000	197,957	18,043
General Supplies	176,000		176,000	154,835	21,165
<b>Total Required Maintenance for School Facilities</b>	<b>879,060</b>	<b>80,800</b>	<b>959,860</b>	<b>906,675</b>	<b>53,185</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Custodial Services:					
Salaries	\$ 1,207,233	\$ 23,620	\$ 1,230,853	\$ 1,196,936	\$ 33,917
Unused Vacation Payment to Terminated/Retired Staff	10,000	(2,420)	7,580	4,819	2,761
Purchased Professional and Technical Services	116,600	(16,200)	100,400	49,967	50,433
Cleaning, Repair and Maintenance Services	146,000		146,000	124,320	21,680
Other Purchased Property Services	80,000	9,000	89,000	87,613	1,387
Insurance	319,200	(26,406)	292,794	284,076	8,718
Miscellaneous Purchased Services	295,660	(75,000)	220,660	10,052	210,608
General Supplies	181,000	21,507	202,507	154,866	47,641
Energy (Natural Gas)	133,000	14,000	147,000	74,387	72,613
Energy (Electricity)	587,479	18,000	605,479	574,104	31,375
Energy (Oil)	490,000	(68,000)	422,000	309,518	112,482
Other Objects	500	16,700	17,200	16,797	403
<b>Total Custodial Services</b>	<b>3,566,672</b>	<b>(85,199)</b>	<b>3,481,473</b>	<b>2,887,455</b>	<b>594,018</b>
<b>Care &amp; Upkeep of Grounds:</b>					
Salaries	127,370	(1,200)	126,170	111,674	14,496
Cleaning, Repair and Maintenance Services	42,352		42,352	41,497	855
<b>Total Care &amp; Upkeep of Grounds</b>	<b>169,722</b>	<b>(1,200)</b>	<b>168,522</b>	<b>153,171</b>	<b>15,351</b>
<b>Security:</b>					
Salaries	430,909	(103,350)	327,559	233,345	94,214
Purchased Professional and Technical Services	84,105	49,908	134,013	113,807	20,206
General Supplies	60,200	(22,750)	37,450	37,209	241
<b>Total Security</b>	<b>575,214</b>	<b>(76,192)</b>	<b>499,022</b>	<b>384,361</b>	<b>114,661</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	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	\$ 206,000	\$ 75,000	\$ 281,000	\$ 268,613	\$ 12,387
Between Home and School - Regular	1,585,219	50,000	1,635,219	1,603,316	31,903
Between Home and School - Special Education	525,515	(145,000)	380,515	369,933	10,582
Other Than Between Home and School	188,200	(32,350)	155,850	147,604	8,246
Unused Vacation Payment to Terminated/Retired Staff		1,500	1,500	1,434	66
Cleaning, Repair and Maintenance Services	16,200	48,508	64,708	61,238	3,470
Contracted Services:					
Aid in Lieu of Payments - Nonpublic Students	150,000	(3,000)	147,000	109,836	37,164
Aid in Lieu of Payments - Choice Students	2,000		2,000	1,000	1,000
Between Home and School - Vendors	72,000	(500)	71,500	8,160	63,340
Other Than Between Home and School - Vendors	196,875	150,000	346,875	194,523	152,352
Special Education Students - Joint Agreements	40,000	(35,455)	4,545	4,545	
Between Home and School - ESC's and CTSA's	257,682	(99,932)	157,750	145,736	12,014
Special Education Students - ESC's and CTSA's	1,200,000	12,151	1,212,151	1,196,508	15,643
Miscellaneous Purchased Services	50,943	17,057	68,000	56,019	11,981
General Supplies	32,000	41,936	73,936	71,238	2,698
Transportation Supplies	374,926	(78,638)	296,288	265,464	30,824
Other Objects	5,000	1,638	6,638	6,638	
<b>Total Student Transportation Services</b>	<b>4,902,560</b>	<b>2,915</b>	<b>4,905,475</b>	<b>4,511,805</b>	<b>393,670</b>
<b>Allocated Benefits:</b>					
Regular Programs - Instruction:					
Social Security Contributions	178,412	(18,200)	160,212	158,367	1,845
Other Retirement Contributions - Regular	24,462		24,462	22,920	1,542
Workmen's Compensation	130,144	(50,144)	80,000	80,000	
Health Benefits	3,494,073	(313,505)	3,180,568	3,063,947	116,621
Tuition Reimbursement	76,000	1,000	77,000	76,959	41
Other Employee Benefits	141,000	18,200	159,200	157,112	2,088
Unused Sick Payment to Terminated/Retired Staff	68,000	(17,000)	51,000	30,274	20,726
<b>Total Allocated Benefits - Regular Programs - Instruction</b>	<b>4,112,091</b>	<b>(379,649)</b>	<b>3,732,442</b>	<b>3,589,579</b>	<b>142,863</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	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	\$ 48,069	\$ 4,015	\$ 52,084	\$ 52,029	\$ 55
Other Retirement Contributions - PERS	35,612	14,000	49,612	48,940	672
Workmen's Compensation	23,175	(19,175)	4,000	4,000	
Health Benefits	898,912	(19,940)	878,972	801,357	77,615
Tuition Reimbursement	13,550	800	14,350	12,329	2,021
Other Employee Benefits	24,000	15,500	39,500	35,677	3,823
<b>Total Allocated Benefits - Special Programs - Instruction</b>	<b>1,043,318</b>	<b>(4,800)</b>	<b>1,038,518</b>	<b>954,332</b>	<b>84,186</b>
Other Instructional Programs - Instruction:					
Social Security Contributions	91,802	61,530	153,332	152,870	462
Other Retirement Contributions - PERS	26,702	(14,050)	12,652	7,377	5,275
Workmen's Compensation	23,175	(19,231)	3,944	3,944	
Health Benefits	196,643		196,643	90,727	105,916
Other Employee Benefits	3,000	2,900	5,900	5,900	
Unused Sick Payment to Terminated/Retired Staff	17,000	(400)	16,600	15,000	1,600
<b>Total Allocated Benefits - Other Instructional Programs - Instruction</b>	<b>358,322</b>	<b>30,749</b>	<b>389,071</b>	<b>275,818</b>	<b>113,253</b>
Attendance and Social Work Services:					
Social Security Contributions	7,968	(250)	7,718	7,399	319
Other Retirement Contributions - PERS	14,581		14,581	14,581	
Workmen's Compensation	5,500		5,500	5,500	
Health Benefits	54,119	4,000	58,119	53,054	5,065
Unused Sick Payment to Terminated/Retired Staff	5,000		5,000	5,000	
<b>Total Allocated Benefits - Attendance and Social Work Services</b>	<b>87,168</b>	<b>3,750</b>	<b>90,918</b>	<b>80,534</b>	<b>10,384</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	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	\$ 2,510	\$ 3,240	\$ 5,750	\$ 3,537	\$ 2,213
Workmen's Compensation	4,400		4,400	4,400	
Health Benefits	40,710		40,710	36,639	4,071
Tuition Reimbursement	1,000		1,000		1,000
Other Employee Benefits	3,000		3,000	3,000	
Unused Sick Payment to Terminated/Retired Staff	5,000		5,000		5,000
<b>Total Allocated Benefits - Health Services</b>	<b>56,620</b>	<b>3,240</b>	<b>59,860</b>	<b>47,576</b>	<b>12,284</b>
Other Support Services - Speech, OT, PT and Related Services:					
Social Security Contributions	1,352	10	1,362	1,070	292
Workmen's Compensation	1,100		1,100	1,100	
Health Benefits	46,925	(10,000)	36,925	25,925	11,000
Unused Sick Payment to Terminated/Retired Staff	17,000		17,000		17,000
<b>Total Allocated Benefits - Other Support Services - Speech, OT, PT and Related Services</b>	<b>66,377</b>	<b>(9,990)</b>	<b>56,387</b>	<b>28,095</b>	<b>28,292</b>
Other Support Services - Students - Extraordinary Services:					
Social Security Contributions	50,537	(3,000)	47,537	46,093	1,444
Other Retirement Contributions - PERS	68,859	23,000	91,859	91,859	
Health Benefits	365,217	78,600	443,817	369,739	74,078
Tuition Reimbursement	3,000	3,000	6,000	4,924	1,076
Other Employee Benefits	12,000	1,500	13,500	13,250	250
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>504,613</b>	<b>103,100</b>	<b>607,713</b>	<b>525,865</b>	<b>81,848</b>



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE:</b>					
Allocated Benefits:					
Other Support Services - Students - Guidance:					
Social Security Contributions	\$ 21,795		\$ 21,795	\$ 19,226	\$ 2,569
Other Retirement Contributions - PERS	23,343	(2,500)	20,843	20,813	30
Workmen's Compensation	6,600		6,600	6,600	
Health Benefits	251,400	25,400	276,800	260,264	16,536
Tuition Reimbursement	3,000		3,000	2,642	358
Other Employee Benefits	12,000		12,000	12,000	
Unused Sick Payment to Terminated/Retired Staff	17,000		17,000		17,000
<b>Total Allocated Benefits - Other Support Services - Students - Guidance</b>	<b>335,138</b>	<b>22,900</b>	<b>358,038</b>	<b>321,545</b>	<b>36,493</b>
Other Support Services - Child Study Teams:					
Social Security Contributions	9,819	2,480	12,299	12,297	2
Other Retirement Contributions - PERS	16,114	7,310	23,424	23,391	33
Workmen's Compensation	11,000		11,000	11,000	
Health Benefits	200,862	(10,000)	190,862	161,499	29,363
Tuition Reimbursement	6,000		6,000	810	5,190
Other Employee Benefits	6,000		6,000	6,000	
Unused Sick Payment to Terminated/Retired Staff	17,000		17,000	8,850	8,150
<b>Total Allocated Benefits - Other Support Services - Child Study Teams</b>	<b>266,795</b>	<b>(210)</b>	<b>266,585</b>	<b>223,847</b>	<b>42,738</b>
Improvement of Instruction Services:					
Social Security Contributions	24,327	470	24,797	24,792	5
Other Retirement Contributions - PERS	44,524	(12,200)	32,324	32,228	96
Workmen's Compensation	6,600		6,600	6,600	
Health Benefits	125,743	25,400	151,143	109,770	41,373
Tuition Reimbursement	9,000	(9,000)			
Other Employee Benefits	17,100	2,000	19,100	18,121	979
Unused Sick Payment to Terminated/Retired Staff	17,000		17,000		17,000
<b>Total Allocated Benefits - Improvement of Instruction Services</b>	<b>244,294</b>	<b>6,670</b>	<b>250,964</b>	<b>191,511</b>	<b>59,453</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	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	\$ 12,491	\$ 540	\$ 13,031	\$ 13,027	\$ 4
Other Retirement Contributions - PERS	24,134	(2,000)	22,134	21,951	183
Workmen's Compensation	6,600		6,600	6,600	
Health Benefits	99,608	6,000	105,608	100,021	5,587
Tuition Reimbursement	3,000	3,000	6,000	6,000	
<b>Total Allocated Benefits - Educational Media Services - School Library</b>	<b>145,833</b>	<b>7,540</b>	<b>153,373</b>	<b>147,599</b>	<b>5,774</b>
Instructional Staff Training Services:					
Social Security Contributions	11,865		11,865	7,022	4,843
Other Retirement Contributions - PERS	7,716	(2,000)	5,716	5,687	29
Workmen's Compensation	6,600		6,600	6,600	
Health Benefits	24,314	5,400	29,714	21,929	7,785
Other Employee Benefits	900		900	900	
<b>Total Allocated Benefits - Instructional Staff Training Services</b>	<b>51,395</b>	<b>3,400</b>	<b>54,795</b>	<b>42,138</b>	<b>12,657</b>
Support Services - General Administration:					
Social Security Contributions	7,173	800	7,973	7,919	54
Other Retirement Contributions - PERS	10,327	4,000	14,327	14,327	
Workmen's Compensation	6,600		6,600	6,600	
Health Benefits	26,546	2,000	28,546	25,191	3,355
Tuition Reimbursement	10,000	1,000	11,000	10,895	105
Other Employee Benefits	7,000	1,000	8,000	8,000	
<b>Total Allocated Benefits - Support Services - General Administration</b>	<b>67,646</b>	<b>8,800</b>	<b>76,446</b>	<b>72,932</b>	<b>3,514</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	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	\$ 45,509	\$	\$ 45,509	\$ 45,010	\$ 499
Other Retirement Contributions - PERS	83,453		83,453	83,453	
Workmen's Compensation	24,200		24,200	24,200	
Health Benefits	339,925		339,925	318,445	21,480
Tuition Reimbursement	8,000	\$ 6,000	14,000	13,978	22
Other Employee Benefits	24,055	9,960	34,015	31,475	2,540
Unused Sick Payment to Terminated/Retired Staff		40	40	37	3
<b>Total Allocated Benefits - Support Services - School Administration</b>	<b>525,142</b>	<b>16,000</b>	<b>541,142</b>	<b>516,598</b>	<b>24,544</b>
Support Services - Central Services:					
Social Security Contributions	36,881		36,881	35,773	1,108
Other Retirement Contributions - PERS	66,463	(21,545)	44,918	43,569	1,349
Workmen's Compensation	6,600		6,600	6,600	
Health Benefits	163,432	25,000	188,432	172,455	15,977
Other Employee Benefits	9,000	(1,300)	7,700	7,442	258
<b>Total Allocated Benefits - Support Services - Central Services</b>	<b>282,376</b>	<b>2,155</b>	<b>284,531</b>	<b>265,839</b>	<b>18,692</b>
Support Services - Administrative Information Technology:					
Social Security Contributions	22,924	5,100	28,024	27,974	50
Other Retirement Contributions - PERS	41,953	52,000	93,953	93,953	
Workmen's Compensation	6,600		6,600	6,600	
Health Benefits	109,955	13,000	122,955	75,446	47,509
Other Employee Benefits	3,000	6,000	9,000	6,162	2,838
<b>Total Allocated Benefits - Support Services - Administrative Information Technology</b>	<b>184,432</b>	<b>76,100</b>	<b>260,532</b>	<b>210,135</b>	<b>50,397</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	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	\$ 43,522	\$ (1,865)	\$ 41,657	\$ 40,480	\$ 1,177
Other Retirement Contributions - PERS	64,428	47,000	111,428	111,428	
Workmen's Compensation	4,459		4,459	4,459	
Health Benefits	182,190		182,190	159,072	23,118
Tuition Reimbursement	3,000	(2,800)	200		200
Other Employee Benefits	4,000		4,000	3,685	315
<b>Total Allocated Benefits - Required Maintenance for School Facilities</b>	<b>301,599</b>	<b>42,335</b>	<b>343,934</b>	<b>319,124</b>	<b>24,810</b>
Custodial Services:					
Social Security Contributions	91,515	1,385	92,900	92,874	26
Other Retirement Contributions - PERS	123,421	(6,915)	116,506	116,504	2
Workmen's Compensation	120,000	(3,000)	117,000	80,000	37,000
Health Benefits	447,661	(7,800)	439,861	407,846	32,015
Other Employee Benefits	10,500	(2,500)	8,000	6,850	1,150
Unused Sick Payment to Terminated/Retired Staff	5,000	3,000	8,000	8,000	
<b>Total Allocated Benefits - Custodial Services</b>	<b>798,097</b>	<b>(15,830)</b>	<b>782,267</b>	<b>712,074</b>	<b>70,193</b>
Care and Upkeep of Grounds:					
Social Security Contributions	9,694		9,694	9,543	151
Other Retirement Contributions - PERS	12,588		12,588	12,588	
Workmen's Compensation	1,000		1,000	1,000	
Health Benefits	55,993	(1,000)	54,993	43,819	11,174
Other Employee Benefits	675		675	200	475
Unused Sick Payment to Terminated/Retired Staff	5,000		5,000		5,000
<b>Total Allocated Benefits - Care and Upkeep of Grounds</b>	<b>84,950</b>	<b>(1,000)</b>	<b>83,950</b>	<b>67,150</b>	<b>16,800</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Allocated Benefits:					
Security:					
Social Security Contributions	\$ 17,661		\$ 17,661	\$ 17,522	\$ 139
Other Retirement Contributions - PERS	29,359	(4,900)	24,459	23,053	1,406
Workmen's Compensation	1,000		1,000	1,000	
Health Benefits	193,342	(35,000)	158,342	150,845	7,497
Other Employee Benefits		3,000	3,000	3,000	
Total Allocated Benefits - Security	241,362	(36,900)	204,462	195,420	9,042
Student Transportation Services:					
Social Security Contributions	194,491	(10,925)	183,566	183,557	9
Other Retirement Contributions - PERS	245,036	(81,200)	163,836	163,688	148
Workmen's Compensation	40,000		40,000	40,000	
Health Benefits	744,512	51,000	795,512	752,532	42,980
Other Employee Benefits	25,000	(900)	24,100	18,748	5,352
Unused Sick Payment to Terminated/Retired Staff	20,000		20,000	5,964	14,036
Total Allocated Benefits - Student Transportation Services	1,269,039	(42,025)	1,227,014	1,164,489	62,525
Total Allocated Benefits	11,026,607	(163,665)	10,862,942	9,952,200	910,742
On-Behalf TPAF Contributions:					
Post-Retirement Medical Benefits (Non-Budgeted)				2,410,162	(2,410,162)
Pension (Non-Budgeted)				5,204,484	(5,204,484)
Non-Contributory Insurance (Non-Budgeted)				108,943	(108,943)
Long-Term Disability Insurance (Non-Budgeted)				4,013	(4,013)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,957,094	(1,957,094)
Total On-Behalf Contributions				9,684,696	(9,684,696)
Total Personal Services - Employee Benefits	11,026,607	(163,665)	10,862,942	19,636,896	(8,773,954)
Total Undistributed Expenses	38,341,520	383,223	38,724,743	45,129,708	(6,404,965)
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>66,967,877</b>	<b>(118,072)</b>	<b>66,849,805</b>	<b>72,493,056</b>	<b>(5,643,251)</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	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	\$ 138,435	\$ (70,986)	\$ 67,449	\$ 61,736	\$ 5,713
School-Sponsored Cocurricular Athletics - Instruction		7,475	7,475	7,475	
Undistributed Expenditures:					
Support Services:					
Instructional Staff	8,499	14,704	23,203	23,192	11
Central Services	12,000	(12,000)			
Administrative Information Technology	29,000	(5,000)	24,000	22,952	1,048
Custodial Services	90,000		90,000	83,120	6,880
Student Transportation Services:					
Non-Instructional Equipment	3,000	(2,508)	492		492
School Buses - Regular	590,000	186,387	776,387	761,496	14,891
<b>Total Equipment</b>	<b>870,934</b>	<b>118,072</b>	<b>989,006</b>	<b>959,971</b>	<b>29,035</b>
Facilities Acquisition and Construction Services:					
Construction Services	158,409	(7,623)	150,786	67,066	83,720
Lease Purchase Agreements - Principal	451,591	7,623	459,214	459,214	
Other Objects - Debt Service Assessment	183,311		183,311	183,311	
<b>Total Facilities Acquisition and Construction Services</b>	<b>793,311</b>		<b>793,311</b>	<b>709,591</b>	<b>83,720</b>
<b>TOTAL CAPITAL OUTLAY</b>	<b>1,664,245</b>	<b>118,072</b>	<b>1,782,317</b>	<b>1,669,562</b>	<b>112,755</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>SPECIAL SCHOOLS:</b>					
Summer School - Instruction:					
Salaries of Teachers	\$ 21,726	\$ 500	\$ 22,226	\$ 22,075	\$ 151
Other Purchased Services (400-500 series)	500	7,800	8,300	4,342	3,958
<b>Total Summer School - Instruction</b>	<b>22,226</b>	<b>8,300</b>	<b>30,526</b>	<b>26,417</b>	<b>4,109</b>
Summer School - Support Services:					
Personal Services - Employee Benefits	1,662	1,700	3,362	1,689	1,673
<b>Total Summer School - Support Services</b>	<b>1,662</b>	<b>1,700</b>	<b>3,362</b>	<b>1,689</b>	<b>1,673</b>
<b>Total Summer School</b>	<b>23,888</b>	<b>10,000</b>	<b>33,888</b>	<b>28,106</b>	<b>5,782</b>
Accredited Evening/Adult High School - Post-Graduate - Instruction:					
Salaries of Teachers	203,963	(6,000)	197,963	176,926	21,037
General Supplies		1,200	1,200	1,063	137
Other Objects		500	500	301	199
<b>Total Accredited Evening/Adult High School - Post-Graduate - Instruction</b>	<b>203,963</b>	<b>(4,300)</b>	<b>199,663</b>	<b>178,290</b>	<b>21,373</b>
Accredited Evening/Adult High School - Post-Graduate - Support Services:					
Salaries	53,952		53,952	49,243	4,709
Personal Services - Employee Benefits	67,560	6,000	73,560	52,815	20,745
Other Purchased Services (400-500 series)	8,000	(1,700)	6,300	365	5,935
<b>Total Accredited Evening/Adult High School - Post-Graduate - Support Services</b>	<b>129,512</b>	<b>4,300</b>	<b>133,812</b>	<b>102,423</b>	<b>31,389</b>
<b>Total Accredited Evening/Adult High School - Post-Graduate</b>	<b>333,475</b>		<b>333,475</b>	<b>280,713</b>	<b>52,762</b>
<b>TOTAL SPECIAL SCHOOLS</b>	<b>357,363</b>	<b>10,000</b>	<b>367,363</b>	<b>308,819</b>	<b>58,544</b>
<b>TOTAL EXPENDITURES</b>	<b>68,989,485</b>	<b>10,000</b>	<b>68,999,485</b>	<b>74,471,437</b>	<b>(5,471,952)</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original</u>	<u>Budget</u>	<u>Final</u>	<u>Variance</u>
	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u>Final to Actual</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ (1,242,790)	\$ (10,000)	\$ (1,252,790)	\$ 3,379,408
<b>OTHER FINANCING SOURCES/(USES):</b>				
Transfers In:				
Capital Projects Fund:				
Interest Earned				40,267
Unexpended Project Balances:				
Capital Reserve				699,772
Capital Lease				49,483
Transfers Out:				
Capital Projects Fund - Capital Reserve	(2,858,580)	(420,000)	(3,278,580)	(3,278,580)
<b>Total Other Financing Sources/(Uses)</b>	<b>(2,858,580)</b>	<b>(420,000)</b>	<b>(3,278,580)</b>	<b>(2,489,058)</b>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(4,101,370)	(430,000)	(4,531,370)	890,350
Fund Balance, July 1	5,145,918		5,145,918	5,145,918
Fund Balance, June 30	<u>\$ 1,044,548</u>	<u>\$ (430,000)</u>	<u>\$ 614,548</u>	<u>\$ 6,036,268</u>
<u>Recapitulation of Fund Balance at June 30, 2019:</u>				
Restricted:				
Capital Reserve				\$ 4,033,193
Maintenance Reserve				270,000
Assigned - Designated for Subsequent Year's Expenditures				523,000
Unassigned				1,210,075
<b>Total Fund Balance - Budgetary Basis</b>			<b>6,036,268</b>	
Reconciliation to Governmental Fund Statements (GAAP):				
June State Aid Payments not recognized on GAAP Basis				(772,159)
<b>Fund Balance per Governmental Fund on (Exhibit B-2)</b>				<u><u>\$ 5,264,109</u></u>



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources		\$ 6,665	\$ 6,665	\$ 6,665	
State Sources	\$ 220,000	159,839	379,839	358,152	\$ (21,687)
Federal Sources	670,000	327,379	997,379	869,395	(127,984)
<b>Total Revenues</b>	<b>890,000</b>	<b>493,883</b>	<b>1,383,883</b>	<b>1,234,212</b>	<b>(149,671)</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Personal Services - Salaries	74,172	(15,642)	58,530	57,580	950
Purchased Professional - Educational Services	171,000	103,069	274,069	252,775	21,294
Other Purchased Services	516,475	136,546	653,021	572,579	80,442
General Supplies	12,000	85,552	97,552	88,770	8,782
Textbooks	20,000	7,501	27,501	27,356	145
<b>Total Instruction</b>	<b>793,647</b>	<b>317,026</b>	<b>1,110,673</b>	<b>999,060</b>	<b>111,613</b>
<b>Support Services:</b>					
Personal Services - Salaries	44,136	(6,143)	37,993	37,955	38
Personal Services - Employee Benefits	15,192	(8,109)	7,083	6,812	271
Purchased Professional - Educational Services	3,525	124,586	128,111	93,464	34,647
Other Purchased Services	8,500	39,520	48,020	47,520	500
Supplies and Materials	25,000	27,003	52,003	49,401	2,602
<b>Total Support Services</b>	<b>96,353</b>	<b>176,857</b>	<b>273,210</b>	<b>235,152</b>	<b>38,058</b>
<b>Total Expenditures</b>	<b>890,000</b>	<b>493,883</b>	<b>1,383,883</b>	<b>1,234,212</b>	<b>149,671</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, 2019

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	\$ 77,850,845	\$ 1,234,212
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	740,871	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(772,159)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 77,819,557	\$ 1,234,212
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 74,471,437	\$ 1,234,212
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 74,471,437	\$ 1,234,212

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, 2019

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 in 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, 2019

	Elementary and Secondary Education Act					IDEA Basic
	Title I	Title II, Part A	Title III	Title III Immigrant	Title IV	
<b>REVENUE:</b>						
Local Sources						
State Sources						
Federal Sources	\$ 143,679	\$ 47,339	\$ 42	\$ 2,292	\$ 10,000	\$ 666,043
Total Revenue	143,679	47,339	42	2,292	10,000	666,043
<b>EXPENDITURES:</b>						
Instruction:						
Personal Services - Salaries	51,643			1,908	10,000	572,579
Purchased Professional - Educational Services						
Other Purchased Services	63,521		42	250		
General Supplies						
Textbooks						
Total Instruction	115,164		42	2,158	10,000	572,579
Support Services:						
Personal Services - Salaries		37,955				
Personal Services - Employee Benefits	3,765	2,913		134		
Purchased Professional - Educational Services						
Other Purchased Services	24,750					93,464
Supplies and Materials		6,471				
Total Support Services	28,515	47,339		134		93,464
Total Expenditures	\$ 143,679	\$ 47,339	\$ 42	\$ 2,292	\$ 10,000	\$ 666,043

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	NJ Nonpublic						
	Auxiliary Services (Chapter 192)			Handicapped Services (Chapter 193)			
	Local Grants	Home Instruction	Compensatory Education	Corrective Speech	Examination & Classification	Supplementary Instruction	
REVENUE:							
Local Sources	\$ 6,665						
State Sources		\$ 13,302	\$ 60,320	\$ 1,161	\$ 61,719	\$ 60,347	
Federal Sources							
Total Revenue	6,665	13,302	60,320	1,161	61,719	60,347	
EXPENDITURES:							
Instruction:							
Personal Services - Salaries		4,029					
Purchased Professional - Educational Services		9,273	60,320	1,161	61,719	60,347	
Other Purchased Services							
General Supplies	6,665						
Textbooks							
Total Instruction	6,665	13,302	60,320	1,161	61,719	60,347	
Support Services:							
Personal Services - Salaries							
Personal Services - Employee Benefits							
Purchased Professional - Educational Services							
Other Purchased Services							
Supplies and Materials							
Total Support Services							
Total Expenditures	\$ 6,665	\$ 13,302	\$ 60,320	\$ 1,161	\$ 61,719	\$ 60,347	

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	NJ Nonpublic				Totals June 30, 2019
	Security Aid	Technology	Textbooks	Nursing	
REVENUE:					
Local Sources					\$ 6,665
State Sources	\$ 65,700	\$ 18,292	\$ 27,356	\$ 49,955	\$ 358,152
Federal Sources					869,395
Total Revenue	65,700	18,292	27,356	49,955	1,234,212
EXPENDITURES:					
Instruction:					
Personal Services - Salaries					57,580
Purchased Professional - Educational Services				49,955	252,775
Other Purchased Services					572,579
General Supplies		18,292			88,770
Textbooks			27,356		27,356
Total Instruction		18,292	27,356	49,955	999,060
Support Services:					
Personal Services - Salaries					37,955
Personal Services - Employee Benefits					6,812
Purchased Professional - Educational Services					93,464
Other Purchased Services	22,770				47,520
Supplies and Materials	42,930				49,401
Total Support Services	65,700				235,152
Total Expenditures	\$ 65,700	\$ 18,292	\$ 27,356	\$ 49,955	\$ 1,234,212



**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, 2019

Revenue and Other Financing Sources:	
State Sources - SDA Grant	\$ (480,089)
Bond Proceeds and Transfers	8,230,000
Premium on ESIP Bonds	927,177
Transfer from Capital Reserve	3,278,580
Interest Revenue	89,140
	<hr/>
Total Revenue and Other Financing Sources	12,044,808
	<hr/>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	399,774
Construction Services	3,791,139
Transfers Out:	
General Fund:	
Interest Earned	40,267
Unexpended Project Balances:	
Capital Reserve	699,772
Capital Lease	49,483
Debt Service Fund:	
Interest Earned	48,873
	<hr/>
Total Expenditures and Other Financing Uses	5,029,308
	<hr/>
Excess/(Deficiency) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	7,015,500
	<hr/>
Fund Balance - Beginning	3,084,181
	<hr/>
Fund Balance - Ending	\$ 10,099,681
	<hr/> <hr/>
<u>Recapitulation of Fund Balance at June 30, 2019:</u>	
Committed Fund Balance (Budgetary Basis)	\$ 10,099,681
	<hr/>
Reconciliation to Governmental Funds Statement (GAAP):	
SDA Grant Revenue not Recognized on the GAAP Basis	(545,940)
	<hr/>
Fund Balance per Governmental Funds (GAAP Basis)	\$ 9,553,741
	<hr/> <hr/>

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 FIELD REFURBISHMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 2,858,580	\$ 2,858,580	\$ 2,858,580
Total Revenue and Other Financing Sources	\$ - 0 -	2,858,580	2,858,580	2,858,580
Expenditures:				
Purchased Professional and Technical Services		98,041	98,041	200,000
Construction Services		130,000	130,000	2,658,580
Total Expenditures	- 0 -	228,041	228,041	2,858,580
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ - 0 -	\$ 2,630,539	\$ 2,630,539	\$ - 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		\$ 2,858,580		
Change Orders		\$ -0-		
Revised Authorized Cost		\$ 2,858,580		
Change Order Percentage		0.00%		
Percentage Completion		7.98%		
Original Target Completion Date		December 2020		

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
MORRIS HILLS HIGH SCHOOL BLEACHER REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 420,000	\$ 420,000	\$ 420,000
Total Revenue and Other Financing Sources	\$ - 0 -	420,000	420,000	420,000
Expenditures:				
Purchased Professional and Technical Services				20,000
Construction Services				400,000
Total Expenditures	- 0 -	- 0 -	- 0 -	420,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ - 0 -	\$ 420,000	\$ 420,000	\$ - 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		\$ 300,000		
Additional Authorization		\$ 120,000		
Change Orders		\$ -0-		
Revised Authorized Cost		\$ 420,000		
Change Order Percentage		0.00%		
Percentage Completion		0.00%		
Original Target Completion Date		June 2020		

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 -  
ENERGY SAVINGS IMPROVEMENT PLAN (ESIP)  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
ESIP Bond Proceeds and Transfers		\$ 8,230,000	\$ 8,230,000	\$ 8,230,000
Premium on ESIP Bonds		927,177	927,177	927,177
<b>Total Revenue and Other Financing Sources</b>	<b>\$ - 0 -</b>	<b>9,157,177</b>	<b>9,157,177</b>	<b>9,157,177</b>
Expenditures:				
Purchased Professional and Technical Services		289,140	289,140	970,000
Construction Services		1,818,895	1,818,895	8,187,177
<b>Total Expenditures</b>	<b>- 0 -</b>	<b>2,108,035</b>	<b>2,108,035</b>	<b>9,157,177</b>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<b>\$ -0-</b>	<b>\$ 7,049,142</b>	<b>\$ 7,049,142</b>	<b>\$ - 0 -</b>

Additional Project Information:

Project Number(s)	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	January 2019
Bonds Authorized	\$ 8,230,000
Bonds Issued	\$ 8,230,000
Original Authorized Cost	\$ 9,157,177
Change Orders	\$ -0-
Revised Authorized Cost	\$ 9,157,177
Change Order Percentage	0.00%
Percentage Completion	23.02%
Original Target Completion Date	December 2020
Revised Target Completion Date	December 2020

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, 2019

	<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	\$ 405,805	\$ (32,988)	\$ 372,817	\$ 372,817
Capital Lease Proceeds	608,708	(49,483)	559,225	559,225
Total Revenue and Other Financing Sources	<u>1,014,513</u>	<u>(82,471)</u>	<u>932,042</u>	<u>932,042</u>
Expenditures:				
Purchased Professional and Technical Services	69,615	9,427	79,042	79,042
Construction Services	39,357	813,643	853,000	853,000
Total Expenditures	<u>108,972</u>	<u>823,070</u>	<u>932,042</u>	<u>932,042</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 905,541</u>	<u>\$ (905,541)</u>	<u>\$ - 0 -</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-			
Unexpended Balances:				
SDA Grant Canceled	\$ (32,988)			
Capital Lease Proceeds	\$ (49,483)			
Revised Authorized Cost	\$ 932,042			
Change Order Percentage	0.00%			
Percentage Completion	100.00%			
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, 2019

	<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	\$ 1,056,215	\$ (194,401)	\$ 861,814	\$ 861,814
Capital Lease Proceeds	105,850		105,850	105,850
Transfer from Capital Reserve	1,478,473	(291,602)	1,186,871	1,186,871
	<u>2,640,538</u>	<u>(486,003)</u>	<u>2,154,535</u>	<u>2,154,535</u>
Total Revenue and Other Financing Sources				
Expenditures:				
Purchased Professional and Technical Services	191,472	1,392	192,864	192,864
Construction Services	1,747,831	213,840	1,961,671	1,961,671
	<u>1,939,303</u>	<u>215,232</u>	<u>2,154,535</u>	<u>2,154,535</u>
Total Expenditures				
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 701,235</u>	<u>\$ (701,235)</u>	<u>\$ - 0 -</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-			
Unexpended Balances:				
SDA Grant Canceled	\$ (194,401)			
Returned to Capital Reserve	\$ (291,602)			
Revised Authorized Cost	\$ 2,154,535			
Change Order Percentage	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	June 2017			
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 PIPING REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<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	\$ 252,700	\$ (252,700)		
Transfer from Capital Reserve	379,050	(350,890)	\$ 28,160	\$ 28,160
	<u>631,750</u>	<u>(603,590)</u>	<u>28,160</u>	<u>28,160</u>
Total Revenue and Other Financing Sources				
Expenditures:				
Purchased Professional and Technical Services	28,160		28,160	28,160
	<u>28,160</u>	<u>- 0 -</u>	<u>28,160</u>	<u>28,160</u>
Total Expenditures				
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 603,590</u>	<u>\$ (603,590)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
Additional Project Information:				
Project Number	SP-3370-050-14-1004			
Grant Date	July 30, 2014			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 631,750			
Change Orders	\$ -0-			
Unexpended Balances:				
SDA Grant Canceled	\$ (252,700)			
Returned to Capital Reserve	\$ (350,890)			
Revised Authorized Cost	\$ 28,160			
Change Order Percentage	0.00%			
Percentage Completion	100.00%			
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 KNOLLS HIGH SCHOOL ASBESTOS REMOVAL AND LIBRARY REMODEL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<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	\$ 464,146	\$ (21,938)	\$ 442,208	\$ 442,208
Total Revenue and Other Financing Sources	<u>464,146</u>	<u>(21,938)</u>	<u>442,208</u>	<u>442,208</u>
Expenditures:				
Construction Services	<u>389,447</u>	<u>52,761</u>	<u>442,208</u>	<u>442,208</u>
Total Expenditures	<u>389,447</u>	<u>52,761</u>	<u>442,208</u>	<u>442,208</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 74,699</u>	<u>\$ (74,699)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
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-			
Unexpended Balances:				
Returned to Capital Reserve	\$ (21,938)			
Revised Authorized Cost	\$ 442,208			
Change Order Percentage	0.00%			
Percentage Completion	100.00%			
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, 2019

	<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	\$ 921,600	\$ (18,953)	\$ 902,647	\$ 902,647
Total Revenue and Other Financing Sources	<u>921,600</u>	<u>(18,953)</u>	<u>902,647</u>	<u>902,647</u>
Expenditures:				
Purchased Professional and Technical Services	25,310	540	25,850	25,850
Construction Services	325,997	547,648	873,645	873,645
Miscellaneous Expenditures	3,152		3,152	3,152
Total Expenditures	<u>354,459</u>	<u>548,188</u>	<u>902,647</u>	<u>902,647</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 567,141</u>	<u>\$ (567,141)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
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-			
Unexpended Balances:				
Returned to Capital Reserve	\$ (18,953)			
Revised Authorized Cost	\$ 902,647			
Change Order Percentage	0.00%			
Percentage Completion	100.00%			
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, 2019

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 307,454	\$ (16,389)	\$ 291,065	\$ 291,065
Total Revenue and Other Financing Sources	307,454	(16,389)	291,065	291,065
Expenditures:				
Purchased Professional and Technical Services	15,294	1,234	16,528	16,528
Construction Services	60,185	214,352	274,537	274,537
Total Expenditures	75,479	215,586	291,065	291,065
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 231,975	\$ (231,975)	\$ - 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	\$ 296,600			
Additional Authorization	\$ -0-			
Transfers	\$ 10,854			
Change Orders	\$ -0-			
Unexpended Balances:				
Returned to Capital Reserve	\$ (16,389)			
Revised Authorized Cost	\$ 291,065			
Change Order Percentage		0.00%		
Percentage Completion		100.00%		
Original Target Completion Date		August 2018		

**PROPRIETARY FUNDS**

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
PROPRIETARY FUND  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2019

	<u>Business-Type Activities - Enterprise Funds</u>			Total Enterprise Funds
	<u>Major Funds</u>			
	<u>Food Service</u>	<u>Academy for Technology</u>	<u>Shared Services</u>	
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 312,956	\$ 6,619		\$ 319,575
Receivable from:				
Federal Government	14,616			14,616
State Government	444			444
Receivables - Other			\$ 111,567	111,567
Inventories	11,748			11,748
Total Current Assets	<u>339,764</u>	<u>6,619</u>	<u>111,567</u>	<u>457,950</u>
Non-Current Assets:				
Capital Assets	611,674	1,002,113		1,613,787
Less: Accumulated Depreciation	<u>(301,624)</u>	<u>(591,096)</u>		<u>(892,720)</u>
Total Non-Current Assets	<u>310,050</u>	<u>411,017</u>		<u>721,067</u>
Total Assets	<u>649,814</u>	<u>417,636</u>	<u>111,567</u>	<u>1,179,017</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
Interfund Payable - General Fund			108,783	108,783
Accounts Payable	7,965		2,784	10,749
Unearned Revenue - Prepaid Sales	29,620			29,620
Total Current Liabilities	<u>37,585</u>		<u>111,567</u>	<u>149,152</u>
Total Liabilities	<u>37,585</u>		<u>111,567</u>	<u>149,152</u>
<b>NET POSITION:</b>				
Investment in Capital Assets	310,050	411,017		721,067
Unrestricted	<u>302,179</u>	<u>6,619</u>		<u>308,798</u>
Total Net Position	<u>\$ 612,229</u>	<u>\$ 417,636</u>	<u>\$ -0-</u>	<u>\$1,029,865</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
PROPRIETARY FUND  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Major Funds</u>			<u>Total Enterprise Funds</u>
	<u>Food Service</u>	<u>Academy for Technology</u>	<u>Shared Services</u>	
Operating Revenue:				
Charges for Services:				
Daily Sales:				
Reimbursable Programs	450,645			\$ 450,645
Non-Reimbursable Programs	734,257			734,257
Total Daily Sales	1,184,902			1,184,902
Special Events	45,090			45,090
Tuition		\$ 1,559,467		1,559,467
Service Fees			\$ 1,294,678	1,294,678
<b>Total Operating Revenue</b>	<b>1,229,992</b>	<b>1,559,467</b>	<b>1,294,678</b>	<b>4,084,137</b>
Operating Expenses:				
Cost of Sales:				
Reimbursable	521,894			521,894
Non-Reimbursable	205,731			205,731
Total Cost of Sales	727,625			727,625
Salaries	434,598	1,234,778	882,998	2,552,374
Payroll Taxes	62,790	29,268	28,782	120,840
Employee Benefits	32,218	278,812	220,949	531,979
Purchased Professional - Educational Services			120,970	120,970
Other Purchased Services			500	500
Purchased Property Services	172,099			172,099
Transportation		16,609		16,609
Supplies and Materials	56,102		40,479	96,581
Depreciation Expense	31,015	19,573		50,588
<b>Total Operating Expenses</b>	<b>1,516,447</b>	<b>1,579,040</b>	<b>1,294,678</b>	<b>4,390,165</b>
<b>Operating Income/(Loss)</b>	<b>(286,455)</b>	<b>(19,573)</b>	<b>-0-</b>	<b>(306,028)</b>
Non-Operating Revenue:				
Federal Sources:				
School Breakfast Program	58,213			58,213
National School Lunch Program	231,243			231,243
Food Distribution Program	65,702			65,702
State Sources - School Lunch Program	9,563			9,563
<b>Total Non-Operating Revenue</b>	<b>364,721</b>			<b>364,721</b>
<b>Change in Net Position</b>	<b>78,266</b>	<b>(19,573)</b>	<b>-0-</b>	<b>58,693</b>
<b>Net Position - Beginning of Year</b>	<b>533,963</b>	<b>437,209</b>	<b>-0-</b>	<b>971,172</b>
<b>Net Position - End of Year</b>	<b>\$ 612,229</b>	<b>\$ 417,636</b>	<b>\$ -0-</b>	<b>\$ 1,029,865</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
PROPRIETARY FUND  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			
	Major Funds			Total Enterprise Funds
	Food Service	Academy for Technology	Shared Services	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 1,233,865	\$ 1,559,467	\$ 1,563,759	\$ 4,357,091
Payments to Employees		(1,264,046)	(911,780)	(2,175,826)
Payments to Food Service Vendor	(1,452,055)			(1,452,055)
Payments to Suppliers	(14,423)	(295,421)	(651,979)	(961,823)
Net Cash Provided by/(Used for) Operating Activities	(232,613)	-0-	-0-	(232,613)
Cash Flows from Noncapital and Related Financing Activities:				
Federal Subsidy Reimbursements	290,886			290,886
State Subsidy Reimbursements	9,635			9,635
Net Cash Provided by Noncapital and Related Financing Activities	300,521	-0-	-0-	300,521
Cash Flows from Capital and Related Financing Activities:				
Purchase of Capital Assets	(61,440)			(61,440)
Net Cash Used for Capital and Related Financing Activities	(61,440)	-0-	-0-	(61,440)
Net Increase in Cash and Cash Equivalents	6,468	-0-	-0-	6,468
Cash and Cash Equivalents, July 1	306,488	6,619	-0-	313,107
Cash and Cash Equivalents, June 30	\$ 312,956	\$ 6,619	\$ -0-	\$ 319,575
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Operating Income/(Loss)	\$ (286,455)	\$ (19,573)	\$ -0-	\$ (306,028)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Depreciation	31,015	19,573		50,588
Federal Food Distribution Program	65,702			65,702
Changes in Assets and Liabilities:				
Decrease in Other Receivables			269,081	269,081
Decrease in Inventory	5,187			5,187
Increase/(Decrease) in Accounts Payable	(51,935)		1,644	(50,291)
(Decrease) in Interfund Payable			(270,725)	(270,725)
Increase in Unearned Revenue	3,873			3,873
Net Cash Provided by/(Used for) Operating Activities	\$ (232,613)	\$ -0-	\$ -0-	\$ (232,613)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$65,702 for the fiscal year ended June 30, 2019.

**FIDUCIARY FUNDS**



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2019

	Agency		Unemployment Compensation Trust	Private Purpose Scholarship Trust	
	Student Activity	Payroll			Total
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 350,624	\$ 40,650	\$ 391,274	\$ 153,129	\$ 406,298
Total Assets	350,624	40,650	391,274	153,129	406,298
<b>LIABILITIES:</b>					
Payroll Deductions and Withholdings Due to Student Groups	350,624	40,650	40,650		
Total Liabilities	350,624	40,650	391,274	- 0 -	- 0 -
<b>NET POSITION:</b>					
Held in Trust for: Unemployment Claims Scholarships				153,129	406,298
Total Net Position	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 153,129	\$ 406,298

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
ADDITIONS:		
Contributions:		
Employee	\$ 96,780	
Donations		\$ 21,763
Total Contributions	<u>96,780</u>	<u>21,763</u>
Investment Earnings:		
Interest	1,008	6,998
Net Investment Earnings	<u>1,008</u>	<u>6,998</u>
Total Additions	<u>97,788</u>	<u>28,761</u>
DEDUCTIONS:		
Unemployment Claims	72,653	
Scholarships Awarded		36,150
Total Deductions	<u>72,653</u>	<u>36,150</u>
Change in Net Position	25,135	(7,389)
Net Position - Beginning of the Year	<u>127,994</u>	<u>413,687</u>
Net Position - End of the Year	<u>\$ 153,129</u>	<u>\$ 406,298</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 354,803	\$ 344,682	\$ 348,861	\$ 350,624
Total Assets	<u>\$ 354,803</u>	<u>\$ 344,682</u>	<u>\$ 348,861</u>	<u>\$ 350,624</u>
<b>LIABILITIES:</b>				
Liabilities:				
Due to Student Groups	\$ 354,803	\$ 344,682	\$ 348,861	\$ 350,624
Total Liabilities	<u>\$ 354,803</u>	<u>\$ 344,682</u>	<u>\$ 348,861</u>	<u>\$ 350,624</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
Senior High Schools:				
Morris Hills	\$ 135,693	\$ 148,467	\$ 140,704	\$ 143,456
Morris Knolls	213,007	192,666	201,422	204,251
District-Wide	<u>6,103</u>	<u>3,549</u>	<u>6,735</u>	<u>2,917</u>
Total All Schools	<u>\$ 354,803</u>	<u>\$ 344,682</u>	<u>\$ 348,861</u>	<u>\$ 350,624</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	<u>\$ 45,451</u>	<u>\$ 54,349,139</u>	<u>\$ 54,353,940</u>	<u>\$ 40,650</u>
Total Assets	<u><u>\$ 45,451</u></u>	<u><u>\$ 54,349,139</u></u>	<u><u>\$ 54,353,940</u></u>	<u><u>\$ 40,650</u></u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	<u>\$ 45,451</u>	<u>\$ 54,349,139</u>	<u>\$ 54,353,940</u>	<u>\$ 40,650</u>
Total Liabilities	<u><u>\$ 45,451</u></u>	<u><u>\$ 54,349,139</u></u>	<u><u>\$ 54,353,940</u></u>	<u><u>\$ 40,650</u></u>

**LONG-TERM DEBT**

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2018	Matured	Balance June 30, 2019
			Date	Amount				
Refunding Bonds	03/28/12	\$ 28,230,000	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%			
						<u>\$ 23,860,000</u>	<u>\$ 1,555,000</u>	<u>\$ 22,305,000</u>
						<u>\$ 23,860,000</u>	<u>\$ 1,555,000</u>	<u>\$ 22,305,000</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF ENERGY SAVINGS IMPROVEMENT PLAN (ESIP) BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Issued	Balance June 30, 2019
			Date	Amount			
ESIP	04/03/19	\$ 8,230,000	07/15/20	\$ 260,000	2.00%		
			07/15/21	425,000	4.00%		
			07/15/22	470,000	4.00%		
			07/15/23	285,000	4.00%		
			07/15/24	295,000	5.00%		
			07/15/25	250,000	5.00%		
			07/15/26	280,000	5.00%		
			07/15/27	305,000	5.00%		
			07/15/28	330,000	4.00%		
			07/15/29	360,000	4.00%		
			07/15/30	390,000	4.00%		
			07/15/31	415,000	4.00%		
			07/15/32	450,000	4.00%		
			07/15/33	480,000	4.00%		
			07/15/34	515,000	4.00%		
			07/15/35	465,000	4.00%		
			07/15/36	500,000	5.00%		
			07/15/37	540,000	5.00%		
			07/15/38	585,000	5.00%		
			07/15/39	630,000	5.00%		
						\$ 8,230,000	\$ 8,230,000



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2018</u>	<u>Matured</u>	<u>Balance June 30, 2019</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	\$ 1,401,027	\$ 459,214	\$ 941,813
			<u>\$ 1,401,027</u>	<u>\$ 459,214</u>	<u>\$ 941,813</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,577,170		\$ 2,577,170	\$ 2,577,170	
Total Revenues	2,577,170		2,577,170	2,577,170	
EXPENDITURES:					
Regular Debt Service:					
Interest	1,061,950		1,061,950	1,061,950	
Redemption of Principal	1,555,000		1,555,000	1,555,000	
Total Regular Debt Service	2,616,950		2,616,950	2,616,950	
Total Expenditures	2,616,950		2,616,950	2,616,950	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(39,780)		(39,780)	(39,780)	
Other Financing Sources:					
Transfers In - Capital Projects Fund:					
Interest Earned				48,873	\$ 48,873
Total Other Financing Sources				48,873	48,873
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(39,780)		(39,780)	9,093	48,873
Fund Balance, July 1	47,752		47,752	47,752	- 0 -
Fund Balance, June 30	<u>\$ 7,972</u>	<u>\$ - 0 -</u>	<u>\$ 7,972</u>	<u>\$ 56,845</u>	<u>\$ 48,873</u>
<u>Recapitulation of Fund Balance at June 30, 2019:</u>					
Restricted for Subsequent Year's Expenditures				\$ 35,614	
Restricted				21,231	
				<u>\$ 56,845</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,				
	2010	2011	2012	2013	2014
Governmental Activities:					
Net Investment in Capital Assets	\$ 9,464,042	\$ 9,471,239	\$ 11,190,521	\$ 10,349,720	\$ 11,773,562
Restricted	2,016,795	1,758,516	4,095,383	4,228,046	1,652,071
Unrestricted (Deficit)	(3,045,007)	(1,922,767)	(4,671,212)	(4,926,074)	(21,653,578)
Total Governmental Activities					
Net Position (Deficit)	\$ 8,435,830	\$ 9,306,988	\$ 10,614,692	\$ 9,651,692	\$ (8,227,945)
Business-type Activities:					
Investment in Capital Assets	\$ 664,787	\$ 630,030	\$ 595,274	\$ 562,991	\$ 563,852
Unrestricted	110,392	303,538	157,555	150,288	221,701
Total Business-type Activities					
Net Position	\$ 775,179	\$ 933,568	\$ 752,829	\$ 713,279	\$ 785,553
District-wide:					
Net Investment in Capital Assets	\$ 10,128,829	\$ 10,101,269	\$ 11,785,795	\$ 10,912,711	\$ 12,337,414
Restricted	2,016,795	1,758,516	4,095,383	4,228,046	1,652,071
Unrestricted (Deficit)	(2,934,615)	(1,619,229)	(4,513,657)	(4,775,786)	(21,431,877)
Total District-wide Net Position (Deficit)	\$ 9,211,009	\$ 10,240,556	\$ 11,367,521	\$ 10,364,971	\$ (7,442,392)

	June 30,				
	2015	2016	2017	2018	2019
Governmental Activities:					
Net Investment in Capital Assets	\$ 14,883,235	\$ 17,322,447	\$ 18,674,071	\$ 21,131,316	\$ 16,518,049
Restricted	2,356,403	3,573,668	2,577,638	4,198,009	4,360,038
Unrestricted (Deficit)	(24,329,354)	(21,614,898)	(24,480,073)	(27,535,811)	(18,769,814)
Total Governmental Activities					
Net Position (Deficit)	\$ (7,089,716)	\$ (718,783)	\$ (3,228,364)	\$ (2,206,486)	\$ 2,108,273
Business-type Activities:					
Investment in Capital Assets	\$ 576,583	\$ 602,675	\$ 668,114	\$ 710,215	\$ 721,067
Unrestricted	306,380	266,550	248,898	260,957	308,798
Total Business-type Activities					
Net Position	\$ 882,963	\$ 869,225	\$ 917,012	\$ 971,172	\$ 1,029,865
District-wide:					
Net Investment in Capital Assets	\$ 15,459,818	\$ 17,925,122	\$ 19,342,185	\$ 21,841,531	\$ 17,239,116
Restricted	2,356,403	3,573,668	2,577,638	4,198,009	4,360,038
Unrestricted (Deficit)	(24,022,974)	(21,348,348)	(24,231,175)	(27,274,854)	(18,461,016)
Total District-wide Net Position (Deficit)	\$ (6,206,753)	\$ 150,442	\$ (2,311,352)	\$ (1,235,314)	\$ 3,138,138

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
<b>Instruction:</b>										
Regular	\$ 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	\$ 34,618,354
Special Education	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	6,680,264
Other Special Instruction	785,181	760,974	721,897	723,961	752,932	935,752	935,440	1,154,988	1,105,403	348,014
Vocational										
School-Sponsored Other Instruction	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	4,355,763
<b>Support Services:</b>										
Tuition	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	4,916,322
Student & Instruction Related Services	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	12,364,467
General Administration Services	679,982	797,148	889,261	978,211	985,538	997,602	967,219	1,903,353	1,939,439	1,565,177
School Administration Services	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	3,702,636
Central Services	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	1,400,474
Administrative Information Technology	272,347	336,435	349,853	617,062	545,629	707,388	698,091	964,766	879,762	880,448
Plant Operations and Maintenance	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	5,730,133
Pupil Transportation	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	5,685,945
Special Schools	570,194	511,287	400,370	450,443	467,116	555,695	640,370	621,651	612,908	440,003
Interest on Long-term Debt	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	994,303
Unallocated Depreciation	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	2,567,551
<b>Total Governmental Activities Expenses</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>86,249,854</b>
<b>Business-type Activities:</b>										
Food Service	877,132	901,624	953,281	898,184	841,724	1,039,193	1,220,669	1,322,694	1,420,996	1,516,447
Academy for Technology	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	1,579,040
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	1,294,678
<b>Total Business-type Activities Expenses</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>4,390,165</b>
<b>Total District-wide Expenses</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>	<b>\$ 90,640,019</b>

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
Operating Grants and Contributions	\$ 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	\$ 21,125,790
Capital Grants and Contributions	173,080	636,162	422,673			11,321			1,257,269	688,691
<b>Total Governmental Activities Program Revenues</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>21,814,481</b>
<b>Business-type Activities:</b>										
<b>Charges for Services:</b>										
Food Service	701,268	694,895	736,681	717,621	736,931	925,308	1,023,150	1,088,301	1,172,675	1,229,992
Academy for Technology	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	1,559,467
Adult Continuing Education	199,393	171,705	189,211	152,530	130,007	160,244	83,577	62,568	35,708	
Shared Services	185,914	1,056,556	1,105,360	1,083,415	1,164,571	1,271,496	1,249,402	1,326,921	1,275,740	1,294,678
Operating Grants and Contributions		218,410	214,499	160,555	196,639	230,898	287,571	301,752	338,150	364,721
<b>Total Business-type Activities Revenues</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>4,448,858</b>
<b>Total District-wide Program Revenues</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>\$ 26,263,339</b>
<b>Net (Expense)/Revenue:</b>										
<b>Governmental Activities:</b>										
Business-type Activities	\$ (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)	\$ (64,435,373)
<b>Business-type Activities</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>58,693</b>
<b>Total District-wide Net (Expense)/Revenue</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>	<b>\$ (64,376,680)</b>

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 46,649,992	\$ 48,539,727	\$ 49,510,522	\$ 50,500,732	\$ 51,660,747	\$ 53,092,975	\$ 54,322,759	\$ 55,409,214	\$ 58,778,040	\$ 58,778,040
Taxes Levied for Debt Service	2,729,910	2,691,040	2,715,332	2,716,683	2,705,950	2,708,335	2,615,000	2,616,550	2,577,170	2,577,170
Unrestricted Grants and Contributions	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	5,727,264
Tuition	54,325	199,137	230,252	106,859	86,449	135,152	212,230	254,217	298,046	298,046
Investment Earnings	28,606	15,924	12,238	11,659	8,371	7,690	5,957	46,701	97,459	192,558
Miscellaneous Income	372,180	148,473	39,211	135,926	174,571	193,693	212,112	335,003	344,976	249,877
Special Item - Premium on ESIP Bonds Transfers										927,177
Total Governmental Activities General Revenues and Other Changes	53,846,908	55,365,423	56,277,695	57,658,225	59,916,697	61,438,114	62,899,648	64,218,369	67,737,411	68,750,132
Business-type Activities:	69,500								(16,097)	
Special Item - Reappraisal of Capital Assets Transfers	69,500								(16,097)	
Total Business-type Activities General Revenues and Other Changes	69,500								(16,097)	
Total District-wide General Revenues and Other Changes in Net Position	\$ 53,916,408	\$ 55,365,423	\$ 56,277,695	\$ 57,658,225	\$ 59,916,697	\$ 61,438,114	\$ 62,899,648	\$ 64,218,369	\$ 67,721,314	\$ 68,750,132
Change in Net Position:										
Governmental Activities	\$ (2,706,108)	\$ 871,158	\$ 1,307,704	\$ (644,505)	\$ (568,172)	\$ 1,138,229	\$ 1,938,430	\$ (2,509,581)	\$ 2,796,493	\$ 4,314,759
Business-type Activities	75,620	158,389	(180,739)	(39,550)	72,274	97,410	70,339	47,787	54,160	58,693
Total District-wide Change in Net Position	\$ (2,630,488)	\$ 1,029,547	\$ 1,126,965	\$ (684,055)	\$ (495,898)	\$ 1,235,639	\$ 2,008,769	\$ (2,461,794)	\$ 2,850,653	\$ 4,373,452

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Reserved	\$ 500,090									
Unreserved	369,853									
Restricted	\$ 4,095,383	\$ 3,603,037	\$ 3,798,900	\$ 3,798,900	\$ 1,650,400	\$ 2,355,147	\$ 3,572,668	\$ 2,525,719	\$ 4,150,257	\$ 4,303,193
Assigned	400,000	300,000	923,000	923,000	623,000	568,117	623,000	444,966	254,790	523,000
Unassigned	404,722	436,693	436,693	338,199	228,126		68,812			437,916
Total General Fund	\$ 869,943	\$ 4,900,105	\$ 4,339,730	\$ 5,060,099	\$ 2,501,526	\$ 2,923,264	\$ 4,264,480	\$ 2,970,685	\$ 4,405,047	\$ 5,264,109
All Other Governmental Funds:										
Reserved	\$ 259,852									
Unreserved, Reported in:										
Capital Projects Fund	1,211,217									
Debt Service Fund	45,636									
Restricted	\$ 507,076	\$ 492,346	\$ 429,146	\$ 429,146	\$ 1,671	\$ 1,256	\$ 1,000	\$ 51,919	\$ 47,752	\$ 56,845
Committed	585,339	204,484	204,484	45,475	1,188,155	1,274,481	4,234,025	3,719,471	1,369,461	9,553,741
Total All Other Governmental Funds	\$ 1,516,705	\$ 1,092,415	\$ 696,830	\$ 474,621	\$ 1,189,826	\$ 1,275,737	\$ 4,235,025	\$ 3,771,390	\$ 1,417,213	\$ 9,610,586
Total Governmental Funds	\$ 2,386,648	\$ 5,992,520	\$ 5,036,560	\$ 5,534,720	\$ 3,691,352	\$ 4,199,001	\$ 8,499,505	\$ 6,742,075	\$ 5,822,260	\$ 14,874,695

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues:</b>										
Tax Levy	\$ 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	\$ 61,355,210
Tuition Charges	54,325	199,137	230,252	106,859	86,449	135,152	212,230	254,217	347,997	298,046
Interest Earnings	28,606	15,924	12,238	11,659	8,371	7,690	5,957	46,701	70,175	192,558
Miscellaneous	372,180	148,473	39,211	135,926	174,571	193,693	215,447	337,372	420,823	256,542
State Sources	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	19,433,640
Federal Sources	1,777,663	859,638	1,173,452	770,964	770,911	731,241	740,680	714,654	800,627	872,774
<b>Total Revenues</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>82,408,770</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	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	21,056,137
Special Education Instruction	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	4,086,114
Other Special Instruction	659,935	679,711	630,633	613,023	661,696	681,272	635,628	688,042	652,979	227,914
School-Sponsored Other Instruction	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	2,992,243
<b>Support Services:</b>										
Tuition	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	4,916,322
Student & Instruction Related Services	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	7,026,974
General Administration Services	803,191	835,474	835,692	911,681	954,239	864,209	852,100	881,745	916,578	979,601
School Administration Services	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	2,123,440
Central Services	759,778	840,518	888,915	899,428	960,082	993,118	935,556	1,198,841	1,070,358	1,149,641
Administrative Information Technology	203,083	273,944	283,277	510,763	450,595	489,631	527,339	782,055	649,318	688,519
Plant Operations and Maintenance	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	4,331,662
Pupil Transportation	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	4,511,805
Allocated Benefits	6,902,386	7,845,437	8,222,549	8,762,988	8,786,311	8,432,827	8,573,967	8,665,749	9,089,461	9,952,200
Unallocated Benefits	6,192,299	3,505,818	4,204,538	5,385,415	4,816,508	5,537,742	6,568,849	7,441,450	8,450,041	9,684,696
Capital Outlay	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	5,860,475
Special Schools	562,123	451,488	359,325	392,941	419,423	423,859	463,233	407,309	396,563	308,819
<b>Debt Service:</b>										
Principal	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	1,555,000
Interest and Other Charges	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	1,061,950
<b>Total Expenditures</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>82,513,512</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</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>	<b>(104,742)</b>

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other Financing Sources (Uses):										
Capital Lease Proceeds	\$ 467,325	\$ 1,355,400					\$ 2,300,000			
Capital Leases (Non-Budgeted)										\$ 8,230,000
ESIP Bond Proceeds	651,284	3,354	\$ 555,651	\$ 1,702,067	\$ 2,987,856	\$ 1,153,882	1,479,467	\$ 2,890,598	\$ 3,177,029	927,177
ESIP Bond Premium	(651,284)	(3,354)	(555,651)	(1,702,067)	(2,987,856)	(1,153,882)	(1,479,467)	(2,890,598)	(3,160,932)	4,116,975
Transfers In										
Transfers Out										(4,116,975)
Total Other Financing Sources (Uses)	467,325	1,355,400	-0-	-0-	-0-	-0-	2,300,000	-0-	16,097	9,157,177
Net Change in Fund Balances	\$ (885,835)	\$ 761,929	\$ 1,887,983	\$ 498,160	\$ (1,843,368)	\$ 507,649	\$ 4,300,504	\$ (1,757,430)	\$ (919,815)	\$ 9,052,435
Debt Service as a Percentage of Noncapital Expenditures	4.40%	4.56%	4.42%	4.22%	4.06%	4.00%	3.75%	3.57%	3.46%	3.39%

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)*

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Rentals -</u> <u>Use of</u> <u>Facilities</u>	<u>Other</u>	<u>Total</u>
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
2019	103,418	298,046	29,267	220,610	651,341

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.	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)
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
2018	33,042,500	2,436,447,100	3,923,000	86,800	484,202,300	97,746,100	14,896,000	3,070,343,800	-0-	3,070,343,800	274,761,800	0.70	3,314,151,624

ROCKAWAY BOROUGH

Year End Dec.	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)
2009	\$ 9,275,600	\$ 564,835,000	\$ -	\$ -	\$ 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	-	-	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	-	-	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	-	-	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	-	-	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	-	-	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	-	-	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	-	-	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	-	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
2018	6,103,200	567,645,730	-	1,700	151,240,275	31,694,400	22,816,100	779,501,405	92	779,501,497	73,208,950	0.86	849,574,967

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.	Farm										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	Total Assessed Value	Total Assessed Value						
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		
2018	51,299,000	2,941,003,400	8,344,600	179,300	644,944,100	232,616,800	78,241,900	3,956,629,100	-0-	3,956,629,100	461,558,200	0.70	4,233,241,964		

WHARTON BOROUGH

Year End Dec.	Farm										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	Total Assessed Value	Total Assessed Value						
2009	\$ 16,610,600	\$ 568,140,100	\$ 703,100	\$ 4,000	\$ 103,002,400	\$ 126,740,600	\$ 28,526,200	\$ 843,727,000	\$ -	\$ 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		
2018	12,873,400	446,757,300	598,200	4,000	93,118,800	105,321,100	22,772,700	681,445,500	-0-	681,445,500	102,182,300	0.62	675,041,790		

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

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

<sup>b</sup> - 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	
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
2018	0.67	0.03	0.70	0.49	0.99	0.28	2.46

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	
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
2018	0.82	0.04	0.86	0.85	1.06	0.28	3.05

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	
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
2018	0.67	0.03	0.70	0.77	1.15	0.28	2.90

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	
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
2018	0.59	0.03	0.62	0.78	1.36	0.26	3.02

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to 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	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Prime Healthcare Services - St. Clare's	\$ 83,552,300	2.72%		
Shoppes at Union Hill	33,896,000	1.10%	\$ 21,966,000	0.96%
Springpoint at Denville, Inc.	30,409,200	0.99%		
Tamara Enterprises	18,345,000	0.60%	12,112,200	0.53%
TEJ Denville Hospitality LLC	10,710,000	0.35%		
Rockaway River Country Club	9,790,500	0.32%	8,448,600	0.37%
Pinefield Manor LLC	9,758,000	0.32%		
Denville West Main, LLC	9,529,500	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	2.08%
WP Properties, LLC			5,700,000	0.25%
Denville Station, LLC			5,351,000	0.23%
Verizon			5,230,950	0.23%
WP Properties, LLC			5,200,000	0.23%
Morris 400, LLC			5,000,000	0.22%
<b>Total</b>	<b>\$222,755,500</b>	<b>7.26%</b>	<b>\$125,558,750</b>	<b>5.49%</b>

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

ROCKAWAY BOROUGH

Taxpayer	2019		2010	
	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%	\$ 11,751,250	1.51%
Conn. Storage Dept. PT NJ	6,704,000	0.86%		
Highway Enterprises, Inc.	5,700,000	0.73%	8,002,000	1.03%
HS Gardens, LLC	4,983,000	0.64%	6,625,000	0.85%
WithInvestors Rockaway, LLC	4,640,000	0.60%		
KTB Realty, LLC	4,639,900	0.60%		
E & W Realty Associates, LLC	4,450,500	0.57%		
McWilliams Forge Company	4,260,500	0.55%	10,319,500	1.33%
385 Franklin Ave, LLC	4,045,200	0.52%		
Moretrench Corp.	4,042,400	0.52%	4,042,400	0.52%
Individual Taxpayer #1			4,413,400	0.57%
Gustov L. Hollenstein, Inc.			4,249,200	0.55%
Wespas			3,100,000	0.40%
Kop-Coat, Inc.			2,976,800	0.38%
Individual Taxpayer #2			2,154,800	0.28%
<b>Total</b>	<b>\$ 55,965,500</b>	<b>7.19%</b>	<b>\$ 57,634,350</b>	<b>7.42%</b>

Source: Municipal Tax Assessors.



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

ROCKAWAY TOWNSHIP

Taxpayer	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Rockaway Center Association	\$209,868,700	5.30%	\$145,000,000	5.02%
Mt. Hope Rock Products, Inc. (Tilcon)	66,379,800	1.68%	35,609,400	1.23%
Pondview Estates, Inc.	43,818,800	1.11%		
Marketplace at Rockaway, LLC	36,694,100	0.93%	21,581,700	0.75%
Rustic Ridge, Inc.	35,225,600	0.89%	20,424,100	0.71%
Dover UE, LLC	30,566,300	0.77%		
WPG Rockaway Commons LLC	29,170,600	0.74%		
100 Commons Way, LLC	26,615,000	0.67%		
Macy's East, Inc.	26,520,000	0.67%	17,876,100	0.62%
WPG Rockaway Commons LLC	21,472,800	0.54%		
GIM PA Partners			20,722,300	0.72%
Bergen Record			19,000,000	0.66%
Dover VF c/o Vornado Realty Trust			18,103,600	0.63%
Retail Property Trust			15,635,600	0.54%
Target Corporation			14,535,200	0.50%
<b>Total</b>	<b>\$526,331,700</b>	<b>13.30%</b>	<b>\$328,488,000</b>	<b>11.38%</b>

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

WHARTON BOROUGH

Taxpayer	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Wharton Investors III LP	\$ 85,131,200	12.49%		
Glass Paramus	19,549,300	2.87%	\$ 19,433,900	2.62%
Costco Wholesale Club	17,400,000	2.55%	17,842,300	2.40%
C.C.K.K. LLC (Wharton Industrial)	14,000,000	2.05%	11,615,400	1.56%
Bayview Gardens LLC	8,800,000	1.29%	8,700,000	1.17%
Wharton Mall Associates, LLC	7,300,000	1.07%	8,273,700	1.11%
Brentwood Associates, Inc.	6,000,000	0.88%	6,528,500	0.88%
Wharton Apartments	4,260,000	0.63%	4,000,000	0.54%
National Retail Properties LP	5,000,000	0.73%		
13 Broad, LLC	3,450,000	0.51%		
TA Wharton, LLC			59,267,700	7.98%
The Realty Associates Fund VIII LP			37,223,900	5.01%
Waltann Greenbrook, LLC			3,863,700	0.52%
<b>Total</b>	<b>\$170,890,500</b>	<b>25.07%</b>	<b>\$176,749,100</b>	<b>23.79%</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	
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-
2019	21,342,735	21,342,735	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	
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-
2019	7,089,482	7,089,482	100.00%	-0-

<sup>a</sup> - 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	
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-
2019	28,700,860	28,700,860	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	
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-
2019	4,222,133	4,222,133	100.00%	-0-

<sup>a</sup> - 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			
2010	\$ 37,327,000	\$ -0-	\$ 373,754	\$ -0-	\$ -0-	\$ 37,700,754	1.03%	\$ 721.41
2011	36,057,000	-0-	1,639,508	-0-	-0-	37,696,508	0.95%	700.56
2012	32,470,000	-0-	1,291,897	-0-	-0-	33,761,897	0.82%	624.40
2013	31,110,000	-0-	935,521	-0-	-0-	32,045,521	0.74%	591.97
2014	29,700,000	-0-	567,861	-0-	-0-	30,267,861	0.69%	558.39
2015	28,230,000	-0-	288,553	-0-	-0-	28,518,553	0.63%	528.04
2016	26,810,000	-0-	2,300,000	-0-	-0-	29,110,000	0.62%	538.97
2017	25,360,000	-0-	1,852,618	-0-	-0-	27,212,618	0.56%	505.28
2018	23,860,000	-0-	1,401,027	-0-	-0-	25,261,027	0.49%	460.45
2019	30,535,000	-0-	941,813	-0-	-0-	31,476,813	0.61%	570.58

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		
2010	\$ 37,327,000	\$ -0-	\$ 37,327,000	0.549%	\$ 714.26
2011	36,057,000	-0-	36,057,000	0.538%	670.09
2012	32,470,000	-0-	32,470,000	0.490%	600.51
2013	31,110,000	-0-	31,110,000	0.421%	574.69
2014	29,700,000	-0-	29,700,000	0.407%	547.91
2015	28,230,000	-0-	28,230,000	0.391%	522.70
2016	26,810,000	-0-	26,810,000	0.372%	496.39
2017	25,360,000	-0-	25,360,000	0.314%	470.89
2018	23,860,000	-0-	23,860,000	0.294%	434.91
2019	30,535,000	-0-	30,535,000	0.360%	553.51

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, 2018  
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	\$ 10,121,661	100.00%	\$ 10,121,661
Rockaway Borough	6,791,858	100.00%	6,791,858
Rockaway Township	22,031,365	100.00%	22,031,365
Wharton Borough	75,450	100.00%	75,450
Morris County General Obligation Debt	216,647,699	9.57%	<u>20,742,218</u>
Subtotal, Overlapping Debt			59,762,552
Morris Hills Regional School District Direct Debt			<u>22,305,000</u>
Total Direct and Overlapping Debt			<u>\$ 82,067,552</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,				
	2010	2011	2012	2013	2014
Debt Limit	\$ 295,799,348	\$ 292,189,888	\$ 284,994,990	\$ 272,960,160	\$ 264,457,335
Total Net Debt Applicable to Limit	37,700,754	37,696,508	33,761,897	32,045,521	30,267,861
Legal Debt Margin	<u>\$ 258,098,594</u>	<u>\$ 254,493,380</u>	<u>\$ 251,233,093</u>	<u>\$ 240,914,639</u>	<u>\$ 234,189,474</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.75%	12.90%	11.85%	11.74%	11.45%

	Fiscal Year Ended June 30,				
	2015	2016	2017	2018	2019
Debt Limit	\$ 258,597,096	\$ 257,846,475	\$ 260,277,774	\$ 264,572,537	\$ 267,800,874
Total Net Debt Applicable to Limit	28,518,553	29,110,000	27,212,618	25,261,027	31,476,813
Legal Debt Margin	<u>\$ 230,078,543</u>	<u>\$ 228,736,475</u>	<u>\$ 233,065,156</u>	<u>\$ 239,311,510</u>	<u>\$ 236,324,061</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.03%	11.29%	10.46%	9.55%	11.75%

Legal Debt Margin Calculation for Fiscal Year 2019

Year Ended December 31,	Denville Township	Rockaway Borough	Rockaway Township	Wharton Borough	Equalized Valuation Basis
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
2018	3,301,089,990	808,527,544	4,163,119,844	710,949,922	8,983,687,300
	<u>\$ 9,882,346,763</u>	<u>\$2,549,046,413</u>	<u>\$12,303,203,529</u>	<u>\$2,045,490,655</u>	<u>\$26,780,087,360</u>
	Average Equalized Valuation of Taxable Property				<u>\$ 8,926,695,787</u>
	Debt Limit <sup>a</sup> (3% of Average Equalization Value)				\$ 267,800,874
	Net Bonded School Debt at June 30, 2019				<u>31,476,813</u>
	Legal Debt Margin				<u>\$ 236,324,061</u>

<sup>a</sup> - 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>	
2009	16,309	\$ 70,184	\$ 1,144,630,856	6.30%
2010	16,683	73,918	1,233,173,994	6.30%
2011	16,725	76,573	1,280,683,425	6.10%
2012	16,761	79,481	1,332,181,041	6.40%
2013	16,755	80,358	1,346,398,290	7.40%
2014	16,687	83,626	1,395,467,062	4.90%
2015	16,642	87,505	1,456,258,210	4.10%
2016	16,586	89,653	1,486,984,658	3.80%
2017	16,753	94,259	1,579,121,027	3.70%
2018	16,669	94,259 *	1,571,203,271	3.30%

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>	
2009	6,231	\$ 70,184	\$ 437,316,504	10.70%
2010	6,435	73,918	475,662,330	10.80%
2011	6,453	76,573	494,125,569	10.50%
2012	6,456	79,481	513,129,336	10.90%
2013	6,453	80,358	518,550,174	7.40%
2014	6,425	83,626	537,297,050	4.80%
2015	6,418	87,505	561,607,090	4.20%
2016	6,426	89,653	576,110,178	4.10%
2017	6,408	94,259	604,011,672	3.50%
2018	6,363	94,259 *	599,770,017	3.10%

\* - Latest Morris County per capita personal income available (2017) 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>	
2009	23,656	\$ 70,184	\$ 1,660,272,704	7.10%
2010	24,155	73,918	1,785,489,290	7.00%
2011	24,336	76,573	1,863,480,528	7.40%
2012	24,357	79,481	1,935,918,717	7.40%
2013	24,438	80,358	1,963,788,804	6.10%
2014	24,354	83,626	2,036,627,604	5.00%
2015	24,409	87,505	2,135,909,545	4.20%
2016	24,326	89,653	2,180,898,878	4.00%
2017	25,203	94,259	2,375,609,577	3.60%
2018	25,677	94,259 *	2,420,288,343	3.20%

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>	
2009	6,064	\$ 70,184	\$ 425,595,776	14.80%
2010	6,536	73,918	483,128,048	14.90%
2011	6,557	76,573	502,089,161	14.50%
2012	6,560	79,481	521,395,360	15.00%
2013	6,560	80,358	527,148,480	8.40%
2014	6,542	83,626	547,081,292	6.00%
2015	6,541	87,505	572,370,205	5.00%
2016	6,518	89,653	584,358,254	5.20%
2017	6,498	94,259	612,494,982	4.60%
2018	6,457	94,259 *	608,630,363	4.20%

\* - Latest Morris County per capita personal income available (2017) 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

	2018		2009			
	Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
	Picatinny Arsenal	6,400	2.53%	Atlantic Health Systems	6,300	2.47%
	Atlantic Health Systems	6,350	2.51%	Picatinny Arsenal	3,575	1.40%
	Novartis Pharmaceuticals Corporation	4,607	1.82%	Novartis Corporation	3,573	1.40%
	Bayer Healthcare, LLC	2,800	1.11%	Saint Clare's Health System	2,342	0.92%
	ADP	2,242	0.89%	Morris County	2,126	0.83%
	Wyndham Worldwide Corporation	1,907	0.75%	ADP	2,019	0.79%
	Accenture	1,883	0.74%	United Parcel Service	1,941	0.76%
	Honeywell	1,868	0.74%	AT&T	1,500	0.59%
	Allergan	1,700	0.67%	Honeywell	1,500	0.59%
	Saint Clare's Health System	1,544	0.61%	Wyndham Worldwide Corporation	1,395	0.54%
		<u>31,301</u>	<u>12.37%</u>		<u>26,271</u>	<u>10.31%</u>
	Total Employment *	<u>252,984</u>			<u>254,678</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>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>	<u>2019</u>
<b>Instruction:</b>										
Regular	219.0	221.0	225.0	238.0	239.0	240.0	247.0	257.0	260.0	265.0
Special Education	30.0	28.0	34.0	31.0	32.0	34.0	37.0	39.0	39.0	41.0
Other Special Instruction	7.0	10.0	11.0	14.0	14.0	14.0	14.0	12.0	12.0	18.0
Adult/Continuing Education Programs	6.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0
<b>Support Services:</b>										
Student & Instruction Related Services	71.0	68.5	68.6	72.0	72.0	72.0	72.0	77.0	77.0	78.0
General Administration Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administration Services	24.0	23.0	24.0	22.0	22.0	22.0	22.0	23.0	23.0	25.0
Plant Operations and Maintenance	49.0	47.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0
Pupil Transportation	45.0	53.0	50.0	59.5	59.5	59.5	59.5	59.0	59.0	60.0
Business and Other Support Services	11.0	11.0	11.0	9.5	9.5	9.5	7.5	9.0	8.0	8.0
<b>Total</b>	<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>	<u>546.0</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>		
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%
2019	2,772	74,036,087	26,709	5.06%	279	10.1:1	10.1:1	2,682.0	2,565.3	-3.44%	95.65%

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>District Building</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</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	1,117	1,100	1,119	1,123	1,118
Enrollment - Academy Programs	96	96	96	96	96
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>District Building</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</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	1,112	1,111	1,152	1,287	1,269
Enrollment - Academy Programs	96	96	96	120	143
Morris Knolls High School (1964):					
Square Feet	263,065	263,065	263,065	263,065	2,631,652
Capacity (Students)	1,652	1,652	1,652	1,652	1,652
Enrollment	1,724	1,744	1,742	1,570	1,503
Enrollment - Adult High School	130	96	53	42	35
Enrollment - Academy Programs					34

Number of Schools at June 30, 2019:

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Morris Hills	\$ 471,540	\$ 546,707	\$ 519,004	\$ 541,119	\$ 501,878
Morris Knolls	420,671	521,889	556,743	675,161	632,578
Grand Total	<u>\$ 892,211</u>	<u>\$ 1,068,596</u>	<u>\$ 1,075,747</u>	<u>\$ 1,216,280</u>	<u>\$ 1,134,456</u>

<u>School Facilities*</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Morris Hills	\$ 436,678	\$ 559,387	\$ 503,222	\$ 421,425	\$ 466,288
Morris Knolls	460,568	412,528	462,278	408,199	440,387
Grand Total	<u>\$ 897,246</u>	<u>\$ 971,915</u>	<u>\$ 965,500</u>	<u>\$ 829,624</u>	<u>\$ 906,675</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, 2019  
UNAUDITED

	Coverage	Deductible
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:		
Faithful Performance	50,000	500
Forgery & Alteration	50,000	500
Money & Security	5,000	500
Money Orders/ Counterfeit	5,000	500
Computer Fraud	250,000	1,000
School Board Legal Liability: NJSIG	11,000,000	10,000
Excess Liability (Torus National)		
Includes General/Auto/School Board Legal Liability	29,000,000	11,000,000
Zurich Insurance Company (NJSIG)		
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, 2019  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Public Employees' Faithful Performance Blanket Position Bond -		
NJ Schools Insurance Group:		
Board Secretary/Business Administrator	\$ 370,000	\$ 1,000
Treasurer	400,000	1,000
Student Accident -		
Monarch/Axis:		
Basic/Compulsory - All Students, Including Sports	25,000	
Catastrophic	7,500,000	25,000

Source: Morris Hills Regional School District records.



**SINGLE AUDIT SECTION**



Mount Arlington Corporate Center  
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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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 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  
November 8, 2019



NISIVOCCIA, LLP



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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, 2019. 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, 2019.

**Report on Internal Control Over Compliance**

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

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

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

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

*Nisivoccia, LLP*

NISIVOCCIA, LLP

Mount Arlington, New Jersey  
November 8, 2019

*Kathryn L. Mantell*

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program/ Award Amount	Carryover/ (Walkover) Amount	June 30, 2018		June 30, 2019			
			From	To			Budgetary Unearned Revenue/ (Accounts Receivable)	Cash Received	Budgetary Expenditures	Budgetary (Accounts Receivable) Unearned Revenue	Due to Grantor	Amount Paid to Sub- Recipients
U.S. Department of Education -												
Passed-through State Department of Education:												
Education:												
Special Revenue Fund:												
Special Education Cluster:												
	I.D.E.A. - Part B, Basic Regular	84.027	IDEA-3370-19	7/1/18	6/30/19	\$ 781,132		\$ 485,886	\$ (666,043)	\$ (180,157)		
	I.D.E.A. - Part B, Basic Regular	84.027	IDEA-3370-18	7/1/17	6/30/18	587,260		309,384				
	Total Special Education Cluster							795,270	(666,043)	(180,157)		
Elementary and Secondary Education Act:												
	Title I - Part A	84.010	ESEA-3370-19	7/1/18	6/30/19	154,256		51,468	(143,679)	(92,211)		
	Title I - Part A	84.010	ESEA-3370-18	7/1/17	6/30/18	173,411	(67,908)	67,908				
	Title II - Part A	84.367A	ESEA-3370-19	7/1/18	6/30/19	47,396		40,869	(47,339)	(6,470)		
	Title III	84.365A	ESEA-3370-19	7/1/18	6/30/19	42			(42)	(42)		
	Title III	84.365A	ESEA-3370-18	7/1/17	6/30/18	10,000	(922)	922				
	Title III - Immigrant	84.365A	ESEA-3370-19	7/1/18	6/30/19	4,553		1,573	(2,292)	(719)		
	Title III - Immigrant	84.365A	ESEA-3370-18	7/1/17	6/30/18	2,339	(1,064)	1,064				
	Title IV	84.424	ESEA-3370-19	7/1/18	6/30/19	10,000	(10,000)	10,000	(10,000)	(10,000)		
	Title IV	84.424	ESEA-3370-18	7/1/17	6/30/18	10,000	(79,894)	173,804	(203,352)	(109,442)		
	Total Elementary and Secondary Education Act						(389,278)	969,074	(869,395)	(289,599)		
	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	7/1/18	6/30/19	58,213		54,065	(58,213)	(4,148)		
	School Breakfast Program	10.553	N/A	7/1/17	6/30/18	51,121	(4,111)	4,111				
	Federal Food Distribution Program	10.555	N/A	7/1/18	6/30/19	65,702		65,702	(65,702)			
	National School Lunch Program	10.555	N/A	7/1/18	6/30/19	231,243		220,775	(231,243)	(10,468)		
	National School Lunch Program	10.555	N/A	7/1/17	6/30/18	228,892	(11,935)	11,935				
	Total Child Nutrition Cluster						(16,046)	356,588	(355,158)	(14,616)		
	Total U.S. Department of Agriculture						(16,046)	356,588	(355,158)	(14,616)		
	N/A - Not Available											

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	From	To	Grant Period	Program/ Award Amount	June 30, 2018		June 30, 2019		Amount Paid to Sub- Recipients	
							Budgetary Unearned Revenue/ (Accounts Receivable)	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures		Budgetary (Accounts Receivable)
U.S. Department of Health and Human Services - Passed-through State Department of Human Services: Medicaid Cluster: Medical Assistance Program - (SEMI)	93.778	N/A	7/1/18	6/30/19		\$ 3,379	\$ 3,379	\$ (3,379)				
Total U.S. Department of Health and Human Services						3,379	(3,379)					
Total Federal Awards						\$ (405,324)	\$ -0-	\$ 1,329,041	\$ (1,227,932)	\$ (304,215)	\$ -0-	\$ -0-

N/A - Not Available

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Project Number	Grant Period From To	Program or Award Amount	June 30, 2018		June 30, 2019		MEMO					
				Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor	GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures				
										Cash Received	Budgetary Expenditures	Repayment of Balances	Canceled
General Fund:													
Equalization Aid	19-495-034-5120-078	7/1/18 6/30/19	\$ 3,725,355	\$ (354,028)	\$ 3,370,266	\$ (3,725,355)	\$ (355,089)	\$ 3,725,355					
Equalization Aid	18-495-034-5120-078	7/1/17 6/30/18	3,725,355		354,028								
Transportation Aid	19-495-034-5120-014	7/1/18 6/30/19	554,744		501,868	(554,744)	(52,876)	554,744					
Transportation Aid	18-495-034-5120-014	7/1/17 6/30/18	318,233	(30,242)	30,242								
Special Education Categorical Aid	19-495-034-5120-089	7/1/18 6/30/19	1,811,283	(172,130)	1,638,637	(1,811,283)	(172,646)	1,811,283					
Special Education Categorical Aid	18-495-034-5120-089	7/1/17 6/30/18	1,811,283		172,130								
School Choice Aid	19-495-034-5120-068	7/1/18 6/30/19	1,951,360	(167,791)	1,765,363	(1,951,360)	(185,997)	1,951,360					
School Choice Aid	18-495-034-5120-068	7/1/17 6/30/18	1,765,632		167,791								
Security Aid	19-495-034-5120-084	7/1/18 6/30/19	58,232	(5,534)	52,681	(58,232)	(5,551)	58,232					
Security Aid	18-495-034-5120-084	7/1/17 6/30/18	58,232	(2,924)	5,534								
Adult and Post-Graduate Program Aid	18-100-034-5120-510	7/1/17 6/30/18	30,767	(2,755)	2,755								
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17 6/30/18	28,990	(2,755)	2,755								
PARCC Readiness Aid	18-495-034-5120-098	7/1/17 6/30/18	28,990	(2,712)	2,712								
Professional Learning Community Aid	18-495-034-5120-101	7/1/17 6/30/18	28,540	(563,674)	565,865	(609,326)	(609,326)	609,326					
Extraordinary Special Education Costs	19-495-034-5120-044	7/1/18 6/30/19	609,326	(32,018)	32,018								
Extraordinary Special Education Costs	18-495-034-5120-044	7/1/17 6/30/18	565,865		565,865	(2,191)							
Nonpublic School Transportation Costs	19-495-034-5120-014	7/1/18 6/30/19	20,898		32,018	(20,898)	(20,898)	20,898					
Nonpublic School Transportation Costs	18-495-034-5120-014	7/1/17 6/30/18	32,018		32,018								
On-Behalf TPAF Contributions:													
Post Retirement Medical	19-495-034-5094-001	7/1/18 6/30/19	2,410,162		2,410,162	(2,410,162)							
Pension	19-495-034-5094-002	7/1/18 6/30/19	5,204,484		5,204,484	(5,204,484)							
Non-Contributory Insurance	19-495-034-5094-004	7/1/18 6/30/19	108,943		108,943	(108,943)							
Long-Term Disability Insurance	19-495-034-5094-004	7/1/18 6/30/19	4,013		4,013	(4,013)							
Reimbursed TPAF Social Security Aid	19-495-034-5094-003	7/1/18 6/30/19	1,957,094	(93,153)	1,863,233	(1,957,094)	(93,861)	1,957,094					
Reimbursed TPAF Social Security Aid	18-495-034-5094-003	7/1/17 6/30/18	1,894,661		93,153								
Total General Fund State Aid			18,351,557	(1,429,716)	18,351,557	(18,418,085)	(1,496,244)	18,415,894					
Special Revenue Fund:													
NJ Nonpublic Aid:													
Textbook Aid (Chapter 194)	19-100-034-5120-064	7/1/18 6/30/19	27,501		27,501	(27,356)	\$ 145	27,356					
Nursing Services (Chapter 226)	19-100-034-5120-070	7/1/18 6/30/19	49,955		49,955	(49,955)		49,955					
Technology Initiative	19-100-034-5120-373	7/1/18 6/30/19	18,540		18,540	(18,292)	248	18,292					
Technology Initiative	18-100-034-5120-373	7/1/17 6/30/18	17,205	\$ 387	\$ 387								
Security Aid	19-100-034-5120-509	7/1/18 6/30/19	65,700	25	65,700	(65,700)		65,700					
Security Aid	18-100-034-5120-509	7/1/17 6/30/18	29,775		25	(25)							
Auxiliary Services (Chapter 192):													
Compensatory Education	19-100-034-5120-067	7/1/18 6/30/19	74,450		74,450	(60,320)	14,130	60,320					
Compensatory Education	18-100-034-5120-067	7/1/17 6/30/18	57,402	1,506	1,506	(1,506)							
Home Instruction	19-100-034-5120-067	7/1/18 6/30/19	13,302		13,302	(13,302)		13,302					
Home Instruction	18-100-034-5120-067	7/1/17 6/30/18	54	(54)	54								



MORRIS HILLS REGIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Project Number	Grant Period From To	Program or Award Amount	June 30, 2018		June 30, 2019		MEMO	
				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	19-100-034-5120-066	7/1/18 6/30/19	\$ 65,724	\$ (54)	2,631	\$ 65,724	\$ 4,005	\$ (13,302)	\$ 61,719
Supplementary Instruction	19-100-034-5120-066	7/1/18 6/30/19	62,881			62,881	2,534		60,347
Supplementary Instruction	18-100-034-5120-066	7/1/17 6/30/18	56,062		\$ 713				\$ (713)
Corrective Speech	19-100-034-5120-066	7/1/18 6/30/19	1,786			1,786	625		(1,161)
Total Special Revenue Fund				\$ (54)	2,631	366,591	21,687	\$ (13,302)	\$ (13,302)
State School Lunch Program	19-100-010-3350-023	7/1/18 6/30/19	10,079			9,635		(444)	(444)
State School Lunch Program	18-100-010-3350-023	7/1/17 6/30/18	10,099	(516)			516		
Total Enterprise Fund				(516)		9,635		(444)	(444)
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 6/30/19	405,805			(405,805)			(372,817)
Piping Replacement	SP-3370-050-14-1004	7/30/14 6/30/19	252,700			(252,700)			252,700
Morris Knolls High School -									
Partial Window Replacement	SP-3370-060-14-1008	7/30/15 6/30/19	1,056,215			(1,056,215)			194,401
Total Capital Projects Fund				(1,714,720)		688,691		(688,691)	(173,123)
TOTAL STATE AWARDS				\$ (3,145,006)	\$ 2,631	\$ 19,416,474	\$ (2,631)	\$ 480,605	\$ (737,831)
Less - State Awards Not Subject to Single Audit Major Program Determination:									
On-Behalf TPAF Pension System Contributions:									
Post-Retirement Medical	19-495-034-5094-001	7/1/18 6/30/19	2,410,162						2,410,162
Pension	19-495-034-5094-002	7/1/18 6/30/19	5,204,484						5,204,484
Non-Contributory Insurance	19-495-034-5094-004	7/1/18 6/30/19	108,943						108,943
Long-Term Disability Insurance	19-495-034-5094-004	7/1/18 6/30/19	4,013						4,013
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION						\$ (11,747,405)			\$ (11,747,405)

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, 2019

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, 2019. 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, 2019  
(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 \$(31,288) for the general fund, \$-0- for the special revenue fund, \$1,168,780 for the capital projects fund and \$(516) for the food service enterprise 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 the GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 3,379	\$ 18,386,797	\$ 18,390,176
Special Revenue Fund	869,395	358,152	1,227,547
Capital Projects Fund		688,691	688,691
Food Service Enterprise Fund	355,158	9,563	364,721
Total Financial Assistance	<u>\$ 1,227,932</u>	<u>\$ 19,443,203</u>	<u>\$ 20,671,135</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, 2019. 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 \$688,691 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, 2019, the District has active grants awarded in the amount of \$1,462,020 of which \$545,940 has been realized in full and is receivable on the budgetary basis and remains to be expended, submitted for reimbursement and realized on the 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, 2019

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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(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	7/1/18-6/30/19	\$ 781,132	\$ 666,043
<u>State:</u>				
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	3,725,355	3,725,355
Special Education				
Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	1,811,283	1,811,283
School Choice Aid	19-495-034-5120-068	7/1/18-6/30/19	1,951,360	1,951,360
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	58,232	58,232

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, 2019

Status of Prior Fiscal Year Findings:

The District had no prior fiscal year audit findings.