



***MORRIS SCHOOL DISTRICT***

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

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

***COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR  
ENDED JUNE 30, 2019***

**HODULIK & MORRISON, P.A.**

A division of



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

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**JUNE 30, 2019**

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# **INTRODUCTORY SECTION**



*Morris School District  
Office of the Business Administrator  
31 Hazel Street  
Morristown, NJ 07960  
973-292-2300 ext 2021*

December 2, 2019

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

Dear President Pollak and Board Members:

The Comprehensive Annual Financial Report of the Morris School District for the fiscal year ended June 30, 2019 is hereby submitted. Responsibility for both the accuracy of these data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Morris School District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial Section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The Statistical Section includes selected financial and demographic information generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular Uniform Guidance, and the State Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit Section of this report.

#### **1. REPORTING ENTITY AND ITS SERVICES:**

Morris School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Morris School District Board of Education and its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational, special education, gifted and talented and advanced placement programs that address the Morris School District's student needs. The District completed the 2018-19 fiscal year with an average daily enrollment of 5,147 students, which represented an increase of 60 students from the previous year. Average daily enrollment (ADE) and average daily attendance (ADA) information appears below.



AVERAGE DAILY ENROLLMENT AND ATTENDANCE DATA

<u>Fiscal Year</u>	<u>ADE Percent</u>		<u>ADA</u>
	<u>ADE</u>	<u>Change</u>	
2009-10	4,786	0.76%	4,579
2010-11	4,892	2.20%	4,686
2011-12	4,927	0.72%	4,719
2012-13	4,996	1.40%	4,774
2013-14	5,111	2.30%	4,889
2014-15	5,239	2.50%	5,012
2015-16	5,249	0.19%	5,002
2016-17	5,198	(0.97%)	4,925
2017-18	5,057	(2.71%)	4,776
2018-19	5,117	1.19%	4,852

**2. ECONOMIC CONDITION AND OUTLOOK:** The District serves an affluent area in northern New Jersey comprised of the Town of Morristown and the Township of Morris. Located in southeastern Morris County within easy access to New York City and Pennsylvania, Morristown and Morris Township experience different enrollment drivers for the district. Higher wealth statistics are centered in the Township which is the larger of the two municipalities in terms of population, per capita income and geographic area. Numerous developments are being constructed and scheduled to be built in the near future in both municipalities. The District's recent demographic report shown a minimal amount of growth related to these developments.

The single biggest enrollment driver for the Town is the percentage of rental housing and its associated rollover. The newly constructed residential properties in Morristown have had minimal impact on the student enrollment of the Morris School District. However, due to the recent upswing in the real estate market the district is seeing an increase in enrollment. The district's enrollment growth over the last 10 years has been a cumulative 6.9%. Over the summer of 2019 the District experienced a significant increase of bilingual students, approximately 200 students enrolled in various grade. This increase, coupled with a lack of bilingual teachers in the State has put significant strain on our system, which is being addressed on a daily basis.

The estimated population in the Township has increased from 21,014 in 2009 to 22,207 in 2018, or a cumulative increase of 5.7% over ten years. The Town's population has increased from 19,126 in 2009 to an estimate of 19,145 in 2018 or a cumulative increase of .09% over ten years.

Both the Town & Township's assessed valuation (tax base) increased for the 2018-19 school year over the prior year. The total tax base of the district was allocated 66.96% to the Township and 37.04% to the Town, a change of approximately 2 percentage points increase to Morristown. As one of the largest employers in the area, the Morris School District significantly impacts the economy of its larger community and service area.

**3. Major Initiatives:** Educational program initiatives of the Morris School District during year included:

**Curriculum Programs**

<i>Program</i>	<i>Project</i>
ESL Programs (Gr. K- 12)	<ul style="list-style-type: none"> <li>➤ Increased ESL staffing at all levels</li> <li>➤ Roll-out of "Ellevation"-online data and EL student instructional planning platform</li> <li>➤ Provided Professional Development in Sheltered English Instruction for General Ed, ESL staff and administration</li> <li>➤ Completed initial review of ACCESS 2.0, created student goals as a result.</li> <li>➤ WIDA Standard resources and related PD provided for all staff working EL students.</li> <li>➤ Supervisors of Bilingual at all levels worked with building principals to ensure EL programs implemented with fidelity</li> <li>➤ Researched and recommended online platform for EL data/learning plan creation</li> <li>➤ Created Newcomers Cohort and Language Level specific courses for EL students at High School level.</li> </ul>
Bilingual Program (Gr. K-12)	<ul style="list-style-type: none"> <li>➤ Implement full time bilingual program in grades K-12</li> <li>➤ Increased Bilingual Teacher staffing to accommodate student program needs.</li> <li>➤ Created Newcomers Cohort and Language Level specific courses for EL students at High School level.</li> <li>➤ Implement Exit/Tracking system as required by State</li> <li>➤ Roll-out of "Ellevation"-online data and EL student instructional planning platform</li> <li>➤ Professional development on best practices in Bilingual instruction related to WIDA standards provided for teachers grades K-12.</li> <li>➤ Purchased resources (all content areas) for Bilingual classrooms</li> <li>➤ Continued utilizing online learning systems (ESL Reading Smart, iReady) for students and provided related PD for teachers to support a blended learning environment in all classrooms</li> <li>➤ Researched and recommended online platform for EL data/learning plan creation</li> <li>➤ Implemented Latino Family Literacy Project for grades PreK-12</li> <li>➤ Staffed Bilingual Outreach position for all levels Pre K-12</li> </ul>
K-5 Language Arts	<ul style="list-style-type: none"> <li>➤ Implemented new ELA curriculum K-6 that is completely aligned to NJSLs for ELA.</li> <li>➤ Provided PD for teachers in utilizing data to plan targeted learning opportunities for all students.</li> <li>➤ Refined MSD-Tiered System of Supports</li> <li>➤ Staffed Intervention teachers positions (2) for all I schools K-8.</li> <li>➤ Trained teachers in use of Benchmark Assessment System as a data point for learning plans</li> <li>➤ Implemented iReady online diagnostic to provide teachers and parents with specific data related to core standards in ELA.</li> <li>➤ Updated the Assessment Handbook for Language Arts revised/adjusted so that all assessments align with standards</li> <li>➤ Implemented NJ State Testing</li> <li>➤ Provided PD on Blended Learning to help teachers maximize face-to-face teaching time with students.</li> <li>➤ Provided after school programs to support struggling learners grades 1-5.</li> <li>➤ Held parent sessions (2) to provide overview of ELA curriculum and give opportunity for comment/feedback from parents</li> </ul>

6-12 English Language Arts	<ul style="list-style-type: none"> <li>➤ Supported Year 2 implementation of ELA curriculum grades 6-12.</li> <li>➤ Provided updated resources for teachers to support standards based teaching of ELA grades 6-8.</li> <li>➤ Purchased classroom library books for all English Courses</li> <li>➤ Provided PD for Balanced Literacy</li> <li>➤ Created/Implemented a "Night Write" system that helps to target increased student writing and improved teacher feedback for writing.</li> <li>➤ Utilized PLC time to create and discuss common benchmark assessments</li> <li>➤ Refined Data Protocol for CBAs</li> <li>➤ Utilized online diagnostic (iReady) to determine student needs in reading, comprehension</li> <li>➤ Provided Intervention services for general education students (based on diagnostic data) grades 6-8</li> <li>➤ Implemented PARCC</li> <li>➤ Provided PD on Blended Learning to help teachers maximize face-to-face teaching time with students.</li> <li>➤ Provided Homework Tutorials for all students and After School academic support for identified students.</li> <li>➤ Provided Summer School for students transitioning from grade 8 to grade 9.</li> </ul>
K-12 Mathematics	<ul style="list-style-type: none"> <li>➤ Implemented iReady online diagnostic to provide teachers and parents with specific data related to core standards in Math grades K-9.</li> <li>➤ Assessment Handbook Mathematics adjusted to reflect Common Benchmark Assessments K-5</li> <li>➤ Refined protocol and action plans after reviewing common benchmark assessment data for grades 6-12</li> <li>➤ Researched resources and online supports for students</li> <li>➤ Utilized new version of Everyday Math—Common Core edition.</li> <li>➤ Provided PD in Blended Learning as a way to maximize face-to-face teaching time</li> <li>➤ Held parent sessions (2) to provide overview of ELA curriculum and give opportunity for comment/feedback from parents</li> <li>➤ Created a plan and implemented Reflex Math - Fluency in grade 3 and as needed in intervention ESL BIL</li> </ul>
K-12 Science	<ul style="list-style-type: none"> <li>➤ Completed NGSS alignment for K-12</li> <li>➤ Research/selected materials for Science K-12</li> <li>➤ STEM Academy cohort expansion at Morristown High School</li> <li>➤ Provided Summer STEM academy for entering 9<sup>th</sup> graders</li> <li>➤ Provided PD for teachers and teaching resources in all areas of NGSS</li> <li>➤ Implements Science Rubric at 6-8</li> <li>➤ Provided PD for teachers on NGSS/Math Integration and Engineering for K-5</li> <li>➤ Created/staffed PreK-12 STEM Supervisor position</li> <li>➤ Introduced Defined STEM platform to teachers, offered professional development</li> <li>➤ Provided professional development on Makey Makey and other STEM resources for hands on coding and engineering</li> <li>➤ Expanded Project Lead the Way courses at MHS</li> </ul>
Social Studies (K-12)	<ul style="list-style-type: none"> <li>➤ Revise SS/History Curriculum to align with NJSLs and integrate SEL competencies and CRT strategies throughout curriculum</li> <li>➤ PD Grades provided through Gilder Lehrman partnership</li> <li>➤ Purchased History resources (9-12)</li> <li>➤ Provided online AP preparation through Albert i.o</li> <li>➤ Provided Blended Learning PD for teachers at all levels</li> <li>➤ 9-12 Teachers designed playlists to support self paced learning for students</li> </ul>

<p>Gifted Education (K-12)</p>	<ul style="list-style-type: none"> <li>➤ Purchased texts and support texts for classroom libraries</li> <li>➤ Redesigned Quest identification process to include a creative measure tool along with non-verbal cognitive and academic information.</li> <li>➤ Reallocated G&amp;T teacher time so that more support was provided at K-2 level</li> <li>➤ Purchased resources for G&amp;T and Homeroom teachers to support enrichment activities</li> <li>➤ Refine the process for designing and facilitating Enrichment Clusters grades 3-5.</li> <li>➤ Provided PD on G&amp;T practices and strategies for G&amp;T and General Education teachers.</li> <li>➤ Introduced Defined STEM platform to teachers, offered professional development</li> <li>➤ Provided professional development on Makey Makey and other STEM resources for hands on coding and engineering.</li> </ul>
<p>Summer Academy Programs</p>	<ul style="list-style-type: none"> <li>➤ Summer Academy Program targeted for BSI and ESL students provided for grades 1-8 and Special Education PreK-12</li> <li>➤ Summer Transition Program provided for rising 9<sup>th</sup> graders identified as struggling learners.</li> <li>➤ Utilized blended practices to integrated online supports in reading and math for all summer program students.</li> <li>➤ Implemented attendance incentives for personal/social development groups for summer program students</li> <li>➤ Provided parent information, progress reports and visitations for summer program families</li> <li>➤ Tracked performance data over 6-week program</li> <li>➤ Provided "report cards" to parents and home schools to overview student growth and needs</li> <li>➤ Provided student reflection narratives to administration in charge of 9<sup>th</sup> grade</li> </ul>
<p>K-12 Media &amp; Library</p>	<ul style="list-style-type: none"> <li>➤ STEM and Gifted and Talented training for all librarians</li> <li>➤ Digital Citizenship Training for all librarians</li> <li>➤ Google Certification Training for all librarians</li> <li>➤ Installation of chromebooks in all K-5 libraries</li> <li>➤ STEM MADE SIMPLE AND MAKEY MAKEY training provided for all media specialists</li> <li>➤ Defined STEM professional development</li> </ul>
<p>K-12 Computer Education</p>	<ul style="list-style-type: none"> <li>➤ Continue one-to-one initiative at middle school and high school</li> <li>➤ Technology infusion at K-5 continued (additional chromebooks purchased).</li> <li>➤ PD for teachers provided to increase level of technology integration and implementation of Canvas (grades 6-8) and Google Classroom (grades 3-5)</li> <li>➤ Parent sessions held to increase parent interaction and responsibility around one-to-one and increased technology access for students as well as parent portals for both Canvas and PowerSchool</li> <li>➤ Curation of 40 digital content providers for grades Prek -12</li> <li>➤ added computer science course at FMS (GAteway Computer Science for Innovators and Makers)</li> <li>➤ added Computer Science Course at MHS (Computer Science Essentials)</li> <li>➤ trained 3 staff members on PLTW Computer Science</li> <li>➤ Scratch JR professional development and student access at K-2 level</li> <li>➤ all 6<sup>th</sup> graders complete mandatory elective- Navigating Digital Systems</li> </ul>
<p>World Language (K-12)</p>	<ul style="list-style-type: none"> <li>➤ Palabras en Mi Mundo adopted to support 3-5 WL practice</li> <li>➤ Little Pim and language centers implemented at K-2 to support WL practice</li> <li>➤ Revisions started on level 3 world language curriculum in all languages 9-12 completed</li> </ul>

	<ul style="list-style-type: none"> <li>&gt; Curriculum review and PLC planning for world language grades 6-8.</li> <li>&gt; Proposed revisions to K-5 World Language Curriculum approved.</li> </ul>
K-12 Health and Physical Education	<ul style="list-style-type: none"> <li>&gt; Implemented K-12 Health Curriculum</li> <li>&gt; Implemented of anti-bullying Curriculum K-5</li> <li>&gt; Implemented K-12 PE Curriculum</li> <li>&gt; PD provided for PE teachers K-12 on inclusive practice and adaptive PE.</li> <li>&gt; Provided opportunity for out of district PD for PE teachers to articulate with surrounding districts.</li> <li>&gt; Participated in SNAP program (Special Needs Athletic Programs) in K-5 schools</li> <li>&gt; Hosted ALL IN Inclusive sports events</li> <li>&gt; Participated in Special Olympics</li> </ul>

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

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

The District provides a supportive and challenging educational environment for a total student population of 5,400 in grades Pre–K through 12. The average elementary class size is 20 with specialists providing instruction in science, media, physical education, art, and music. The Urban Farm at Lafayette, located at the Lafayette Learning Center Preschool, is a 1–acre agricultural teaching garden offering rich, hands–on learning experiences for students and the community–at–large.

Frelinghuysen Middle School serves approximately 1,080 students in grades 6–8. The school has a “house” structure to facilitate closer and more meaningful long–term relationships between students and staff. Each house is the caretaker of its students throughout their middle school years. A dedicated team of teachers offers core content instruction (Math, Language Arts, Social Studies and Science) within each house over a three–year period. The FMS curriculum also offers instruction in Italian, Spanish, and French. Each FMS student is issued a personal Chromebook to enhance and support instruction and promote personal inquiry 24/7.

At FMS, we recognize that young adolescence is a time for students to discover and develop their passions and talents. To that end, our comprehensive Music, Fine Arts, and Design/Engineering programs are foundational elements of the FMS experience, and are available to every FMS student in grades 6-8. Students are able to participate during the school day in Ensemble Band, Ensemble Orchestra, and Choir. In addition, eighth grade students can elect to participate in a full-year Musical Theater class that introduces them to performance, production, and set design. In addition, students in grades 6-8 take Fine Arts electives such as Graphic Illustration and Design, Drawing, Sculpture, and Ceramics. In the areas of Design and Engineering, all 6th grade students are introduced to digital citizenship and effective use of technology to support learning and organization in our Navigating Digital Citizenship course. Beyond that, students participate in popular semester and yearlong electives such as Industrial Arts, Foundations of STEM, Engineering Innovations, and Integrated Robotics and Design, and Computer Science for Innovators. Frelinghuysen Middle School runs a very active chapter of National Society of Black Engineers (NSBE) and is currently expanding courses with Project Lead the Way.

The FMS extracurricular programs are an integral part of student life at FMS, and are aligned with our vision of becoming a school community in which all students "discover their passions and talents". We offer all students a comprehensive after-school enrichment and athletic program. All students are able to participate in enrichment experiences such as the Global Classrooms Middle School Model United Nations Program, the NJ Technology Student Association middle school competition, Performance Dance, Wind Ensemble, Jazz Band, Chamber Orchestra, and Select Choir. Our students have not only enjoyed participating in these experiences - and do so in high numbers - but also have met with great success. Frelinghuysen Middle School students competed successfully in the NJ Technology Student Association competition and captured 10th place in the national TSA finals in Orlando, Florida. FMS musicians took top honors at the 2017 County College of Morris Teen Arts Festival. The FMS band took top honors at the festival for Best Performance in Instrumental Music and the FMS Jazz Band was honored as the "Hardest Groovin' Band."

The school's 60-acre campus provides numerous fields to support the extensive athletic programs available to FMS students. Included among these are field hockey, lacrosse, baseball, girls and boys soccer, girls and boys basketball, cheerleading, softball, and cross-country. A large percentage our FMS students participate in these athletic programs, and our teams have met with great success. Over the past year and a half, FMS wrestling, soccer, and baseball teams again won Morris County Championship titles.

#### **5. INTERNAL ACCOUNTING CONTROLS:**

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

As a recipient of federal and state financial assistance, the District is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure likewise is subjected to periodic evaluation by district management. Since grant periods differ in their prescribed fiscal years, representations are made prior to the end of the fiscal year for those grants having fiscal years other than July 1 through June 30.

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

**6. BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipalities. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reserves for encumbrances and are included as reservations of fund balance at June 30, 2019.

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

**8. FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2019 and the amount and percentage of increases in relation to prior year revenues.

<u>Revenue</u>	<u>2019</u>	<u>2018</u>	<u>\$</u> <u>Increase</u>	<u>%</u> <u>Increase</u>
Local Sources	\$ 96,861,955	\$ 93,981,081	\$ 2,880,874	3.07%
State Sources	28,053,977	22,724,583	5,329,394	23.45%
Federal Sources	2,649,571	2,816,277	(166,706)	-5.92%
Total	<u>\$127,565,503</u>	<u>\$ 119,521,941</u>	<u>\$ 8,043,562</u>	<u>6.73%</u>

The following schedule presents a summary of the general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2019 and the amount and percentage of increases in relation to prior year expenditures.

Expenditures			\$	%
Current Expense:	2019	2018	Increase	Increase
Instruction	\$ 40,543,805	\$ 39,381,546	\$ 1,162,259	2.95%
Undistributed	75,650,451	71,133,050	4,517,401	6.35%
Capital Outlay	551,648	3,406,247	(2,854,599)	-83.80%
Special Revenue	4,902,163	4,026,436	875,727	21.75%
Debt Service:				
Principal	675,000	670,000	5,000	0.75%
Interest	27,000	60,500	(33,500)	-55.37%
	<u>\$ 122,350,067</u>	<u>\$118,677,779</u>	<u>\$ 3,672,288</u>	<u>3.09%</u>

**9. DEBT ADMINISTRATION:** The District has no outstanding debt at June 30, 2019. Final payment on the refunding bond issuance for the year 2007 was made during the 2018-2019 year.

**10. CASH MANAGEMENT:** The investment policy of the District is guided by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the act.

**11. RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability, and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

**12. OTHER INFORMATION:** Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The firm of Hodulik & Morrison, P.A., a professional corporation of accountants and auditors was selected and duly appointed by the Morris School District Board of Education. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Uniform Guidance and the State of New Jersey Treasury Circular Letter 15-08. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.



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

Respectfully submitted,



Mackey Pendergrast  
Superintendent

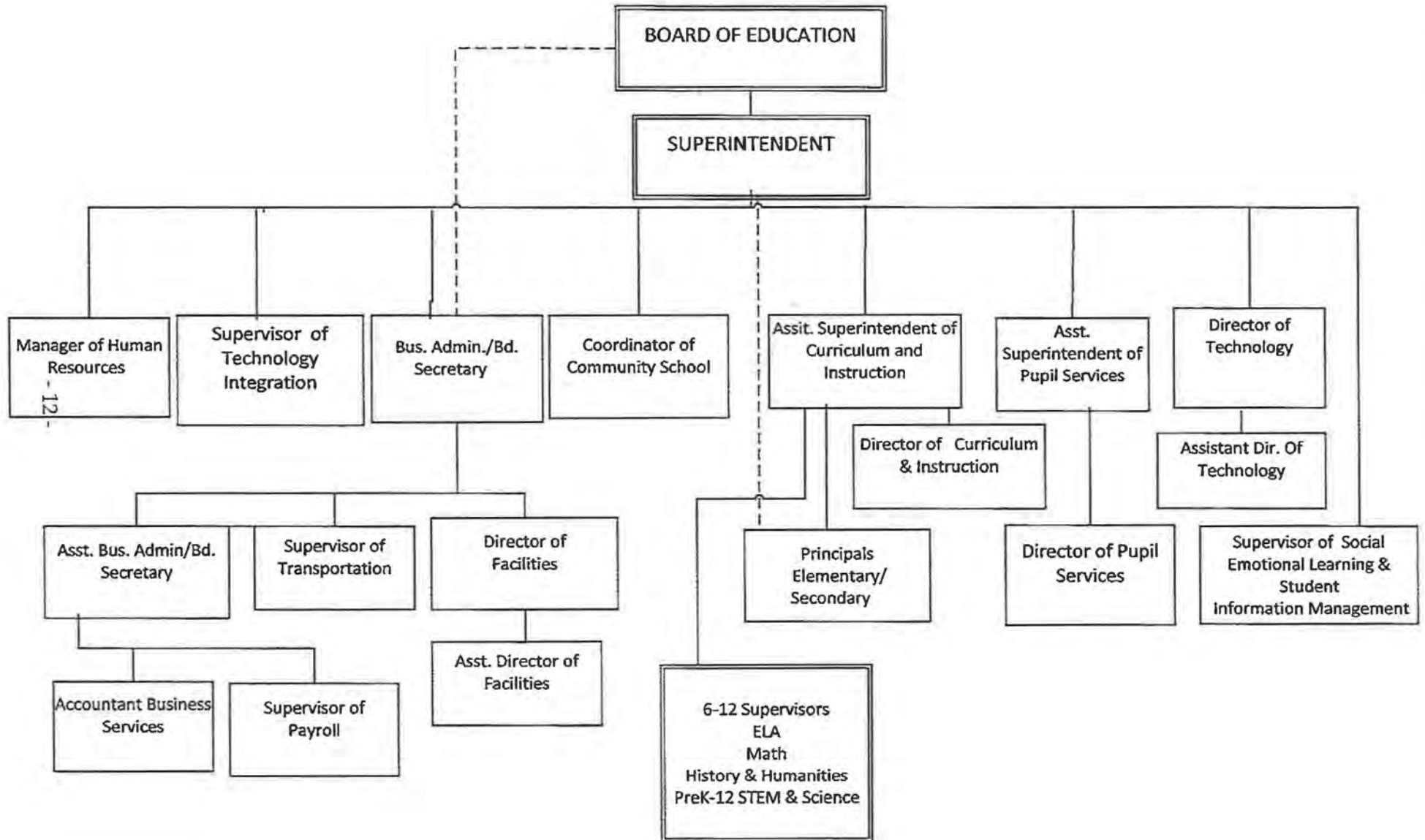


Anthony Lo Franco  
Business Administrator/Board Secretary

# MORRIS SCHOOL DISTRICT

CENTRAL OFFICE

2018-2019



MORRIS SCHOOL DISTRICT  
BOARD OF EDUCATION  
MORRIS COUNTY, NEW JERSEY

ROSTER OF OFFICEALS  
JUNE 30, 2019

**PRESIDENT**

Ms. Lisa Pollak 2020

**VICE-PRESIDENT**

Mrs. Nancy Bangiola 2019

**MEMBERS**

Ms. Meredith Davidson 2020

Dr. Peter Gallerstein 2019

Ms. Linda K. Murphy 2021

Mr. Vij Pawar 2021

Mr. Leonard Posey 2020

Mrs. Ann Rhines 2021

Ms. Melissa Spiotta 2019

Ms. Lucia Galdi (Morris Plains Rep)

**OTHER OFFICIALS**

S. Mackey Pendergrast, Superintendent of Schools

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

Joan Frederick, CPA, Assistant Business Administrator/Assistant Board Secretary

James McCreedy, Esq., Board Attorney

**MORRIS SCHOOL DISTRICT  
CONSULTANTS AND ADVISORS**

**ARCHITECTS**

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

**AUDIT FIRM**

Hodulik and Morrison, P.A.  
a division of PKF O'Connor Davies, LLP  
20 Commerce Drive, Suite 301  
Cranford, NJ 07016

**ATTORNEY**

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

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

**OFFICIAL DEPOSITORIES**

Provident Bank  
PO Box 617  
Newark, NJ 07101

**BOND COUNSEL**

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

## **FINANCIAL SECTION**

# HODULIK & MORRISON, P.A.

A division of



## INDEPENDENT AUDITORS' REPORT

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

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Morris School District, in the County of Morris, State of New Jersey, as of and for the fiscal year ended June 30, 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 error or fraud.

### **Auditor's Responsibility**

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

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

1102 Raritan Avenue, Highland Park, NJ 08904  
Tel: 732.393.1000 | Fax: 732.393.1196

20 Commerce Drive, Suite 301, Cranford, NJ 07016  
Tel: 908.272.6200 | Fax: 908.272.2416

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Morris School District, in the County of Morris, State of New Jersey, as of June 30, 2019 and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF schedule of post-employment benefits and budgetary comparison information as presented in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 Morris School District's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, respectively, and are also not a required part of the basic financial statements.

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

In our opinion, the combining and individual fund financial statements, long-term debt schedules, and schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole. In our opinion, the combining and individual fund financial statements, long-term debt schedules, schedule of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

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

**Other Reporting Required by Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2019 on our consideration of the Morris School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering the Morris School District's internal control over financial reporting and compliance.



HODULIK & MORRISON, P.A.  
A division of PKF O'Connor Davies  
Certified Public Accountants  
Public School Accountants



Robert S. Morrison  
Public School Accountant  
PSA # 871

Cranford, New Jersey  
December 2, 2019



**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART I**

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

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**June 30, 2019**

This section of the district's annual financial report presents a discussion and analysis of the district's financial performance during the fiscal year ending June 30, 2019. It should be read in conjunction with the transmittal letter at the front of this report and the district's financial statements, which immediately follow this section.

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

**FINANCIAL HIGHLIGHTS**

The key financial highlights for the 2018-2019 fiscal year include the following:

Governmental funds reported a total fund balance of \$29,850,238, which is a 7.1% increase over last year's total governmental fund balance. The general or operating fund balance was reported at \$29,174,900 of which \$5,729,903 was appropriated toward the 2019-2020 budget. The unassigned general fund balance is reported at \$5,227,330. Total spending for all governmental funds was \$124,550,346. Total revenues were \$127,568,159 resulting in an excess of revenues over expenditures of \$2,615,813 for the year. Revenues increased approximately \$7,217,000 over last year and included \$28.7 million in state and federal aid and \$91.6 million in local taxes.

The district held \$12.9 million in its capital reserve account as of 06/30/19 and \$4.1 million in its maintenance reserve account.

As a result of the District privatizing the food service program and an increase in the reimbursements of Free & Reduced meals and the Federal Food Distribution program, the District maintained a positive change in net position.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the district's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the district, reporting the district's operations in more detail than the District-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short-and long-term financial information about the activities the district operated like businesses, such as food services.
- Fiduciary funds statements provide information about the financial relationship in which the district acts solely as a trustee or agent for the benefits of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the district's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**

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

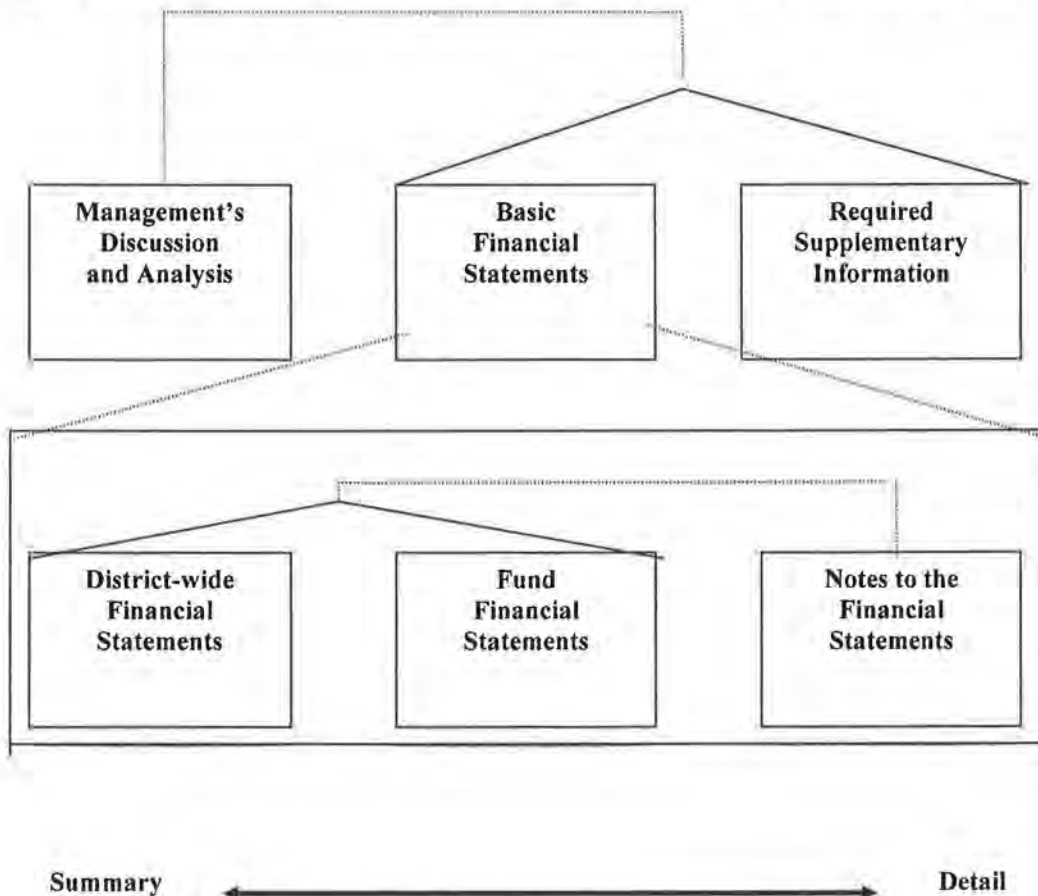


Figure A-2 summarizes the major features of the district's financial statements, including the portion of the district's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2  
Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and community school.	Instances in which the district administers resources on behalf of someone else, such as scholarship programs, student activities monies, unemployment compensation trust funds and payroll agency.
Required financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset / liability information	All assets, liabilities, deferred inflows/outflows of resources both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## **District-wide Statements**

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

The two district-wide statements report the district's net position and how they have changed. Net position - the difference between the district's assets and liabilities - is one way to measure the district's financial health or position.

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

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

- **Governmental activities:** Most of the district's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.
- **Business-type activities:** The district charges fees to help it cover the costs of certain services it provides. The district's community school programs and food services are included here.

## **Fund Financial Statements**

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

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

The district has three kinds of funds:

- **Governmental funds:** Most of the district's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Proprietary funds:** Services for which the district charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The district's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The district uses internal service funds (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities.
- **Fiduciary funds:** The district is the trustee, or fiduciary, for assets that belong to others, such as the payroll agency, unemployment compensation trust fund, scholarship fund and the student activities funds. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The district excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The school district's Governmental Activities net position were \$43,202,817 at June 30, 2019. Of this amount, \$29,763,515 was a deficit in unrestricted net assets. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the school district's ability to use the net position for day-to-day operations. Our analysis below focuses on the net position (Exhibit 1) and change in net position (Figure A-4) of the school district's governmental activities.

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

	Governmental Activities <u>2019</u>	Governmental Activities <u>2018</u>	% Increase/ -Decrease
Current and Other Assets	\$32,109,459	\$30,756,457	4.4
Capital Assets	<u>53,955,496</u>	<u>52,868,255</u>	2.1
Total Assets	<u>\$86,064,955</u>	<u>\$83,624,712</u>	2.9
Deferred Outflows of Resources	<u>\$6,471,488</u>	<u>\$9,345,999</u>	<u>-30.8</u>
	Governmental Activities <u>2019</u>	Governmental Activities <u>2018</u>	% Increase/ -Decrease
Current and Other Liabilities	\$4,307,567	\$5,431,154	-20.7
Long-term Liabilities	<u>33,382,512</u>	<u>39,947,599</u>	-16.4
Total Liabilities	<u>\$37,690,079</u>	<u>\$45,378,753</u>	-16.9
Deferred Inflows of Resources	<u>11,643,547</u>	<u>8,643,311</u>	34.7
Net Position			
Net Investment in capital assets	\$51,308,245	\$49,610,975	3.4
Restricted	21,658,087	22,539,286	-1.8
Unrestricted	<u>(29,763,515)</u>	<u>(32,720,614)</u>	-9.0
Total Net Position	<u>\$43,202,817</u>	<u>\$38,948,647</u>	10.9

The \$29,763,515 deficit in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. It means that if the district had to pay off all of its bills today including all of its non-capital liabilities (net pension liability and compensated absences for example), we would have a deficit of \$29,763,515.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

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

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

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Revenues:			
Program revenue			
State grants & entitlements	\$ 41,768,056	\$ 45,981,670	\$ (4,213,614)
General revenue			
Local tax levy	91,602,602	89,122,667	2,479,935
Federal and state aid	125,339	1,051,751	(926,412)
Miscellaneous revenues (Incl. special items & transfers)	3,627,741	3,261,038	366,703
Total general revenues	<u>95,355,682</u>	<u>93,435,456</u>	<u>1,920,226</u>
Total revenues	<u>\$ 137,123,738</u>	<u>\$ 139,417,126</u>	<u>\$ (2,293,388)</u>
Function/program expense:			
Instruction			
Regular programs	35,374,952	32,297,670	3,077,282
Special programs	6,389,428	6,566,012	(176,584)
Other Instructional programs	3,909,567	3,675,570	233,997
Support services			
Student services	14,497,741	15,545,329	(1,047,588)
Tuition	5,753,469	5,926,763	(173,294)
Instructional staff support			
General administration and business services	3,415,943	3,307,097	108,846
School administration	3,980,819	3,891,005	89,814
Plant services	9,165,015	8,040,375	1,124,640
Student transportation	6,761,122	6,242,152	518,970
Unallocated benefits	43,295,649	51,278,533	(7,982,884)
Unallocated depreciation and amortization	242,380	218,870	23,510
Interest on long-term debt	83,483	87,115	(3,632)
Total expenses	<u>\$ 132,869,568</u>	<u>\$ 137,076,491</u>	<u>\$ (4,206,923)</u>
Increase (Decrease) net assets	<u>\$ 4,254,170</u>	<u>\$ 2,340,635</u>	<u>\$ 1,913,535</u>



## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

### Governmental Activities

As reported in the Statement of Activities, the cost of all our governmental activities this year was \$132,869,568. These costs were financed by \$91,602,602 in local property school taxes \$41,893,395 in federal and state aid and \$3,627,741 in miscellaneous revenues including interest, general entitlements and transfers.

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

**Figure A-5**  
**Governmental Activities – Total Cost of Services**

	<u>2019</u>	<u>2018</u>
Regular Programs Instruction	\$35,374,952	\$32,297,670
Unallocated Benefits	43,295,649	51,278,533
Student Services	14,497,741	15,545,329
Plant Services	9,165,015	8,040,375
Transportation	6,761,122	6,242,152
Special Programs Instruction	6,389,428	6,566,012
Tuition	5,753,469	5,926,763
All Others	<u>11,632,192</u>	<u>11,179,657</u>
	<u>\$132,869,528</u>	<u>\$137,076,491</u>

### Financial Analysis of the District's Funds

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

As the school district completed this year, our governmental funds reported a combined fund balance of \$29,850,238, which is an increase of \$1,980,825 from last year. The increase largely was due to increase in local tax levy.

## General Fund Budgetary Highlights

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

Actual revenues reflect a positive variance of \$17.1 million. This is due primarily to:

1. The State reimbursement in the amount of \$14.6 million for TPAF pension and post retirement medical and social security contributions. This is always a non-budgeted item that the State requires be included in the final audit.

Actual expenditures reflect a negative variance of \$8.4 million. This is due to the State requirement to include TPAF and social security contributions totaling \$14.6 million in the audit. Absent the TPAF adjustment the variance is a positive \$6.2 million due to the savings mentioned above.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2019, the school district had \$88,849,762 invested in a broad range of capital assets, including land, buildings, building improvements, other improvements, construction in progress, vehicles, furniture and equipment. This amount represents a net increase (including additions and deletions) of \$2,850,864 or 3.3% percent, from last year.

**Figure A-6**  
**Capital Assets at Year-End**

	<b>Governmental Activities <u>2019</u></b>	<b>Governmental Activities <u>2018</u></b>
Land	\$3,331,700	\$3,331,700
Construction in Progress	2,602,279	2,382,698
Building and Improvements	70,589,038	68,206,340
Furniture, Equip. & Vehicles	<u>12,326,745</u>	<u>12,078,160</u>
Total	<u>\$88,849,762</u>	<u>\$85,998,898</u>

Construction in progress remained relatively the same due to several projects being completed and other projects being started by the board at June 30, 2019.

**Long-Term Debt**

At the end of this year, the school district had \$2,647,251 in lease purchase obligations outstanding versus \$3,257,280 in bonds and capital leases last year – a decrease of 18.7%. The long-term debt consisted of:

**Figure A-7  
Outstanding Debt, at Year-End  
Governmental      Governmental  
Activities            Activities  
2019                      2018**

Lease Purchase Obligations	\$2,647,251	\$2,582,280
General Obligation Bonds	-0-	675,000

The school district's general obligation bond rating continues to be AA. The state limits the amount of general obligation debt that cities can issue to 4% of the average state equalized assessed value of the taxable property within the school district's corporate limits. The school district's outstanding general obligation debt of \$2,647,251 is significantly below the \$250,538,864 statutorily-imposed limit.

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

**FACTORS AFFECTING THE DISTRICT'S FUTURE**

- A significant element is the continued increase and demographic makeup of our student population throughout the district. Overall enrollment has increased 6.9% over the last 10 years. A multi-phase expansion and renovation began at the High School in 2015 and will be completed in 2019. The new space provides state of the art fabrication and design space. The renovation and expansion including 10 new classrooms, some exterior work, including windows and brick repointing on the façade, and 2 sets of restrooms.
- Another particularly significant element is the restriction of the district's budget increase to 2% of its statutory tax levy. This cap along with increasing expenses continues to exert pressure on the district's budget.
- Four year contracts have been ratified with all bargaining units which covers the years 2018/2019 – 2021/2022.
- The district has been utilizing capital reserve funds for building renovations. The June 30, 2019 balance was \$10 million. This reserve will serve the district well in planning and executing necessary capital projects for the district in the future.

## **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

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

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**SECTION – A**

MORRIS SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 10,585,726	\$ 1,089,220	\$ 11,674,946
Receivables, net	4,144,533	289,839	4,434,372
Receivables from other funds	80,262		80,262
Prepaid Expenses		33,403	33,403
Inventory		20,230	20,230
Restricted Assets:			
Capital Reserve Account - cash	13,203,176		13,203,176
Maintenance Reserve Account - cash	4,095,762		4,095,762
Capital assets, net (Note 3)	53,955,496	207,799	54,163,295
<b>Total Assets</b>	<b>86,064,955</b>	<b>1,640,491</b>	<b>87,705,446</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Difference between expected and actual experience	526,598		526,598
Change in Pension Assumptions	4,550,285		4,550,285
Pension Payment Subsequent to Measurement Date	1,394,605		1,394,605
<b>Total Deferred Outflows of Resources</b>	<b>6,471,488</b>	<b>-</b>	<b>6,471,488</b>
<b>LIABILITIES</b>			
Accounts payable	3,474,559	155,277	3,629,836
Accrued interest payable	34,522		34,522
Interfund payable		80,261	80,261
Unearned Revenue		504,960	504,960
Advance from Grantor	179,267		179,267
Noncurrent liabilities (Note 4):			
Due within one year	619,219		619,219
Due beyond one year	5,768,785	18,818	5,787,603
Net Pension Liability	27,613,727		27,613,727
<b>Total Liabilities</b>	<b>37,690,079</b>	<b>759,316</b>	<b>38,449,395</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Difference between expected and actual experience	142,385		142,385
Change in Pension Assumptions	8,829,401		8,829,401
Difference in Pension Earnings	259,018		259,018
Change in Pension Proportion	2,412,743		2,412,743
<b>Total Deferred Inflows of Resources</b>	<b>11,643,547</b>	<b>-</b>	<b>11,643,547</b>
<b>NET POSITION</b>			
Net investment in capital assets	51,308,245	207,799	51,516,044
Restricted for:			
Capital projects	675,338		675,338
Other purposes	20,982,749		20,982,749
Unrestricted(Deficit)	(29,763,515)	673,376	(29,090,139)
<b>Total Net Position</b>	<b>\$ 43,202,817</b>	<b>\$ 881,175</b>	<b>\$ 44,083,992</b>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>						
<b>Instruction:</b>						
Regular	\$ 35,374,952	\$ -	\$ -	\$ (35,374,952)	\$ -	\$ (35,374,952)
Special education	6,389,428	-	11,237,509	4,848,081	-	4,848,081
Other special instruction	2,338,259	-	-	(2,338,259)	-	(2,338,259)
Other instruction	1,571,308	-	-	(1,571,308)	-	(1,571,308)
<b>Support services:</b>						
Tuition	5,753,469	-	1,381,658	(4,371,811)	-	(4,371,811)
Student & instruction related services	14,497,741	-	-	(14,497,741)	-	(14,497,741)
School administrative services	3,980,819	-	1,519,916	(2,460,903)	-	(2,460,903)
General and business administrative services	3,415,943	-	-	(3,415,943)	-	(3,415,943)
Plant operations and maintenance	9,165,015	-	-	(9,165,015)	-	(9,165,015)
Pupil transportation	6,761,122	-	1,855,791	(4,905,331)	-	(4,905,331)
Unallocated benefits	43,295,649	-	25,575,630	(17,720,019)	-	(17,720,019)
Interest on long-term debt	83,483	-	172,491	89,008	-	89,008
Unallocated depreciation and amortization	242,380	-	-	(242,380)	-	(242,380)
Capital Outlay	-	-	25,061	25,061	-	25,061
<b>Total governmental activities</b>	<b>132,869,568</b>	<b>-</b>	<b>41,768,056</b>	<b>(91,101,512)</b>	<b>-</b>	<b>(91,101,512)</b>
<b>Business-type activities:</b>						
Food Service	1,590,977	612,948	1,034,317	-	56,288	56,288
Community School	1,576,364	1,709,648	-	-	133,284	133,284
<b>Total business-type activities</b>	<b>3,167,341</b>	<b>2,322,596</b>	<b>1,034,317</b>	<b>-</b>	<b>189,572</b>	<b>189,572</b>
<b>Total primary government</b>	<b>\$ 136,036,909</b>	<b>\$ 2,322,596</b>	<b>\$ 42,802,373</b>	<b>\$ (91,101,512)</b>	<b>\$ 189,572</b>	<b>\$(90,911,940)</b>
<b>General revenues:</b>						
<b>Taxes:</b>						
Property taxes, levied for general purposes, net	\$ 91,073,093	\$ -	\$ -	\$ 91,073,093	\$ -	\$ 91,073,093
Taxes levied for debt service	529,509	-	-	529,509	-	529,509
Federal and State aid not restricted	122,683	-	-	122,683	-	122,683
Federal and State aid restricted	2,656	-	-	2,656	-	2,656
Tuition received	4,432,790	-	-	4,432,790	-	4,432,790
Investment/Miscellaneous Earnings	546,962	-	-	546,962	1,867	548,829
Special item(s)—Disposal of assets	(9,233)	-	-	(9,233)	-	(9,233)
Transfer of Funds to Charter School	(1,342,778)	-	-	(1,342,778)	-	(1,342,778)
<b>Total general revenues, extraordinary items and transfers</b>	<b>95,355,682</b>	<b>-</b>	<b>-</b>	<b>95,355,682</b>	<b>1,867</b>	<b>95,357,549</b>
<b>Change in Net Position</b>	<b>4,254,170</b>	<b>-</b>	<b>-</b>	<b>4,254,170</b>	<b>191,439</b>	<b>4,445,609</b>
<b>Net Position—beginning</b>	<b>38,948,647</b>	<b>-</b>	<b>-</b>	<b>38,948,647</b>	<b>689,736</b>	<b>39,638,383</b>
<b>Net Position—ending</b>	<b>\$ 43,202,817</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 43,202,817</b>	<b>\$ 881,175</b>	<b>\$ 44,083,992</b>

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



**FUND FINANCIAL STATEMENTS**

**SECTION – B**

**GOVERNMENTAL FUNDS**

MORRIS SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

Exhibit B-1  
Page 1 of 2

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 10,585,726	\$	\$	\$	\$ 10,585,726
Accounts Receivable:					
Interfunds			605,317		605,317
Due from other governments	2,317,248	721,272	130,789		3,169,309
Tuition	904,744				904,744
Other Accounts Receivable	19,495	50,985			70,480
Restricted cash and cash equivalents	17,298,938				17,298,938
<b>Total Assets</b>	<b>31,126,151</b>	<b>772,257</b>	<b>736,106</b>	<b>-</b>	<b>32,634,514</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	1,509,604	441,121	60,768		2,011,493
Intergovernmental Payable		68,461			68,461
Interfund Payable	441,647	83,408			525,055
Unearned Revenue		179,267			179,267
<b>Total Liabilities</b>	<b>1,951,251</b>	<b>772,257</b>	<b>60,768</b>	<b>-</b>	<b>2,784,276</b>
<b>Fund Balances:</b>					
<b>Restricted Fund Balance:</b>					
Capital Reserve Account	10,111,375				10,111,375
Maintenance Reserve Account	4,095,762				4,095,762
Excess Surplus - Designated for Subsequent Years Expenditures	2,894,303				2,894,303
Reserve for Excess Surplus	3,881,309				3,881,309
Capital Projects			675,338		675,338
<b>Committed Fund Balance:</b>					
Year-end Encumbrances	129,221				129,221
<b>Assigned Fund Balance:</b>					
Designated for Subsequent Year's Expenditures	1,642,387				1,642,387
Designated for Subsequent Year's Expenditures - Capital Reserve	2,835,600				2,835,600
Unassigned Fund Balance	3,584,943				3,584,943
<b>Total Fund Balances</b>	<b>29,174,900</b>		<b>675,338</b>	<b>-</b>	<b>29,850,238</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 31,126,151</b>	<b>\$ 772,257</b>	<b>\$ 736,106</b>	<b>\$ -</b>	<b>\$ 32,634,514</b>

MORRIS SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

Exhibit B-1  
Page 2 of 2

Amounts reported for <i>governmental activities</i> in the statement of net assets (A-1) are different because:	\$ 29,850,238
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$88,849,762, and the accumulated depreciation is \$34,894,266.	53,955,496
Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(6,388,004)
Short-term liabilities, including accrued interest on long-term debt, are not due payable in the current period and therefore are not reported as liabilities in the funds.	(34,522)
The Net Pension Liability, and associated Deferred Inflows and Outflows of Resources of the District relating to its participation in the PERS system are not recognized in the funds using the current financial resources measurement focus, but are recognized in the statement of net position using the economic resources measurement focus. Carrying amounts are as follows:	
Deferred Outflows of Resources:	
Difference between expected and actual experience	526,598
Change in Pension Assumptions	4,550,285
Pension Payment Subsequent to Measurement Date	1,394,605
Accounts Payable for Pension Expense	(1,394,605)
Net Pension Liability	(27,613,727)
Deferred Inflows of Resources:	
Difference between expected and actual experience	(142,385)
Change in Pension Assumptions	(8,829,401)
Difference in Pension Earnings	(259,018)
Change in Pension Proportion	(2,412,743)
<b>Net assets of governmental activities.</b>	<b>\$ <u>43,202,817</u></b>

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

MORRIS SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local tax levy	\$ 91,073,093	\$	\$	\$ 529,509	\$ 91,602,602
Tuition charges	4,432,790				4,432,790
Miscellaneous	546,961				546,961
Local sources		279,602			279,602
State sources	25,793,890	2,087,596	2,656	172,491	28,056,633
Federal sources	114,606	2,534,965			2,649,571
<b>Total revenues</b>	<u>121,961,340</u>	<u>4,902,163</u>	<u>2,656</u>	<u>702,000</u>	<u>127,568,159</u>
<b>EXPENDITURES</b>					
Current:					
Regular instruction	30,244,810	3,357,186			33,601,996
Special education instruction	6,389,428				6,389,428
Other special instruction	2,338,259				2,338,259
Other instruction	1,571,308				1,571,308
Support services and undistributed costs:					
Tuition	5,753,469				5,753,469
Student & instruction related services	12,977,825	1,519,916			14,497,741
School administrative services	3,980,819				3,980,819
Other administrative services	3,415,943				3,415,943
Plant operations and maintenance	9,367,324				9,367,324
Pupil transportation	7,154,736				7,154,736
Unallocated Benefits	33,000,335				33,000,335
Debt service:					
Principal				675,000	675,000
Interest and other charges				27,000	27,000
Capital outlay	551,648	25,061	2,602,279		3,178,988
<b>Total expenditures</b>	<u>116,745,904</u>	<u>4,902,163</u>	<u>2,602,279</u>	<u>702,000</u>	<u>124,952,346</u>
<b>Excess (Deficiency) of revenues over expenditures</b>	<u>5,215,436</u>	<u>-</u>	<u>(2,599,623)</u>	<u>-</u>	<u>2,615,813</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital leases (non-budgeted)	707,790				707,790
Transfers in			2,756,200		2,756,200
Transfers out	(4,098,978)				(4,098,978)
<b>Total other financing sources and uses</b>	<u>(3,391,188)</u>	<u>-</u>	<u>2,756,200</u>	<u>-</u>	<u>(634,988)</u>
<b>Net change in fund balances</b>	1,824,248	-	156,577	-	1,980,825
Fund balance—July 1	27,350,652		518,761		27,869,413
<b>Fund balance—June 30</b>	<u>\$ 29,174,900</u>	<u>\$ -</u>	<u>\$ 675,338</u>	<u>\$ -</u>	<u>\$ 29,850,238</u>

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

MORRIS SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

Total net change in fund balances - governmental funds (from B-2)		\$ 1,980,825
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
	Depreciation expense	(2,044,777)
	Capital outlays	<u>3,141,251</u>
		1,096,474
Repayment of bond and lease obligation (long-term debt) principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		1,317,819
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.		
Capital lease proceeds		(707,790)
In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-)		(9,233)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.		(18,745)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(66,279)
Pension expenditures in the governmental funds are recognized when paid or payable from expendable available financial resources. In the statement of activities, pension costs are recognized on a full accrual basis utilizing actuarial valuations. The amount by which actuarially calculated pension expense exceeds the expenditure reported in the funds is a deduction.		678,554
Amortization Expenses - Net		<u>(17,455)</u>
<b>Change in net position of governmental activities</b>		<b>\$ <u>4,254,170</u></b>

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

**PROPRIETARY FUNDS**

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

	Business Type Activities - Enterprise Funds		
	Food Service	Community School	Totals
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,641	\$ 1,087,579	\$ 1,089,220
Receivables from other governments	220,133		220,133
Accounts receivable	29,372	40,334	69,706
Prepaid Expenses		33,403	33,403
Inventories	20,230		20,230
Total current assets	<u>271,376</u>	<u>1,161,316</u>	<u>1,432,692</u>
Noncurrent assets:			
Furniture, machinery & equipment	733,144	16,528	749,672
Less accumulated depreciation	<u>(528,707)</u>	<u>(13,166)</u>	<u>(541,873)</u>
Total noncurrent assets	204,437	3,362	207,799
Total assets	<u>\$ 475,813</u>	<u>\$ 1,164,678</u>	<u>\$ 1,640,491</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 119,443	\$ 35,834	\$ 155,277
Unearned revenue	22,094	482,866	504,960
Interfunds payable	67,171	13,090	80,261
Total current liabilities	<u>208,708</u>	<u>531,790</u>	<u>740,498</u>
Noncurrent Liabilities:			
Compensated absences		18,818	18,818
Total noncurrent liabilities	<u>-</u>	<u>18,818</u>	<u>18,818</u>
Total liabilities	<u>208,708</u>	<u>550,608</u>	<u>759,316</u>
<b>NET POSITION</b>			
Net investment in capital assets	204,437	3,362	207,799
Unrestricted (Deficit)	62,668	610,708	673,376
Total net position	<u>\$ 267,105</u>	<u>\$ 614,070</u>	<u>\$ 881,175</u>

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



MORRIS SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Business Type Activities - Enterprise Fund		Total Enterprise Fund
	Food Service	Community School	
Operating revenues:			
Charges for services:			
Daily sales - Reimbursable programs	\$ 561,984	\$	\$ 561,984
Daily sales - Non-Reimbursable programs	50,964		50,964
Program Fees		1,709,648	1,709,648
Total operating revenues	<u>612,948</u>	<u>1,709,648</u>	<u>2,322,596</u>
Operating expenses:			
Cost of sales - program	673,842		673,842
Cost of sales - nonprogram	16,801		16,801
Salaries	49,535	924,031	973,566
Employee benefits	27,699	177,499	205,198
Rent		100,550	100,550
Purchased professional services	843,531	98,034	941,565
Other purchased services	33,509	47,354	80,863
General supplies	4,706	96,132	100,838
Other Expenses	62,960	131,889	194,849
Depreciation	16,920	875	17,795
Total Operating Expenses	<u>1,729,502</u>	<u>1,576,364</u>	<u>3,305,866</u>
Operating income (loss)	<u>(1,116,554)</u>	<u>133,284</u>	<u>(983,270)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	17,326		17,326
Federal sources:			
National school lunch program	766,344		766,344
National school breakfast program	250,646		250,646
Food distribution program	138,526		138,526
Interest and investment revenue	155	1,712	1,867
Total nonoperating revenues (expenses)	<u>1,172,998</u>	<u>1,712</u>	<u>1,174,710</u>
Change in net position	56,443	134,996	191,439
Total net position—beginning	210,662	479,074	689,736
<b>Total net position—ending</b>	<b>\$ <u>267,105</u></b>	<b>\$ <u>614,070</u></b>	<b>\$ <u>881,175</u></b>

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

MORRIS SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Food Service Fund	Community School	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 604,083	\$ 1,679,170	\$ 2,283,253
Payments to employees	(1,568,496)	(493,699)	(2,062,195)
Payments for employee benefits		(182,494)	(182,494)
Payments to suppliers		(924,031)	(924,031)
<b>Net cash provided by (used for) operating activities</b>	<b>(964,413)</b>	<b>78,946</b>	<b>(885,467)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Federal and State Sources	1,016,416		1,016,416
Net cash provided by (used for) non-capital financing activities	1,016,416	-	1,016,416
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase Capital Assets	(51,743)		(51,743)
Net cash provided by (used for) capital and related financing activities	(51,743)	-	(51,743)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	155	1,712	1,867
Net cash provided by (used for) investing activities	155	1,712	1,867
Net increase (decrease) in cash and cash equivalents	415	80,658	81,073
Balances—beginning of year	1,226	1,006,921	1,008,147
<b>Balances—end of year</b>	<b>\$ 1,641</b>	<b>\$ 1,087,579</b>	<b>\$ 1,089,220</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (1,116,554)	\$ 133,284	\$ (983,270)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b>			
Depreciation and net amortization	16,920	875	17,795
(Increase) decrease in other accounts receivable	(8,866)	(13,905)	(22,771)
(Increase) decrease in inventories	(806)		(806)
Increase (decrease) in prepaid expenses		8,249	8,249
Increase (decrease) in compensated absences payable		(4,995)	(4,995)
Increase (decrease) in accounts payable	1,006	(52,654)	(51,648)
Increase (decrease) in unearned revenue	(3,243)	(16,573)	(19,816)
(Increase) decrease in interfunds receivable		11,575	11,575
Increase (decrease) in interfunds payable	8,604	13,090	21,694
Food Distribution Program	138,526		138,526
Total adjustments	152,141	(54,338)	97,803
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (964,413)</b>	<b>\$ 78,946</b>	<b>\$ (885,467)</b>

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

**FIDUCIARY FUNDS**

MORRIS SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY NET POSITION  
JUNE 30, 2019

	Unemployment Compensation <u>Trust</u>	Private Purpose <u>Scholarship</u>	Agency <u>Fund</u>	<u>Totals</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ <u>2,105,155</u>	\$ <u>111,918</u>	\$ <u>781,808</u>	\$ <u>2,998,881</u>
Total Assets	\$ <u><u>2,105,155</u></u>	\$ <u><u>111,918</u></u>	\$ <u><u>781,808</u></u>	\$ <u><u>2,998,881</u></u>
<b>LIABILITIES:</b>				
Payable to Student Groups	\$	\$	\$ 178,756	\$ 178,756
Accounts Payable	10,238			10,238
Payroll Deductions and Withholdings	<u>                    </u>	<u>                    </u>	<u>603,052</u>	<u>603,052</u>
Total Liabilities	<u>10,238</u>	<u>                    </u>	\$ <u>781,808</u>	\$ <u>792,046</u>
<b>NET POSITION:</b>				
Held in trust for unemployment claims and other purposes	2,094,916			2,094,916
Reserved for Scholarships	<u>                    </u>	<u>111,918</u>	<u>                    </u>	<u>111,918</u>
Total Net Position	\$ <u><u>2,094,916</u></u>	\$ <u><u>111,918</u></u>	\$ <u><u>                    </u></u>	\$ <u><u>2,206,834</u></u>

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

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

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship</u>
<b>ADDITIONS</b>		
Contributions:		
Plan member	\$ 96,796	\$
Other		11,182
	<u>96,796</u>	<u>11,182</u>
Total Contributions		11,182
Interest	4,674	169
Net investment earnings	4,674	169
Total additions	<u>101,470</u>	<u>11,351</u>
<b>DEDUCTIONS</b>		
Unemployment claims	91,712	
Scholarships awarded		16,500
Total deductions	<u>91,712</u>	<u>16,500</u>
Change in net position	9,758	(5,149)
Net position—beginning of the year	<u>2,085,158</u>	<u>117,067</u>
Net position—end of the year	<u>\$ 2,094,916</u>	<u>\$ 111,918</u>

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

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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

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

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

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

**B. Reporting Entity**

The Morris School District is a Combined Type II district located in the County of Morris, State of New Jersey, comprising the Town of Morristown and the Township of Morris. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms and one sending district member appointed annually. The purpose of the district is to educate students in grades K-12. The Morris School District had an approximate enrollment at June 30, 2019 of 5,055 students.

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

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

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

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

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

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

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

The District reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from capital reserve, state grants, and temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. State Aid in the form of Economic Development Authority Grants under EFCFA are also financial resources of this fund

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

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

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

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

The District reports the following proprietary funds:

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

The District's Enterprise Fund is comprised of the Food Service Fund and the Community School Fund.

The District reports the following fiduciary funds:

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

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

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

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

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



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

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

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

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

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

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

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

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

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval. Pursuant to changes in the Local District School Budget Law, statutorily conforming base budgets of Districts with annual school elections held in November (The District has chosen this option) are no longer required to be presented to the voters for approval on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. New Jersey statutes place limits on the Board's ability to increase budgeted expenditures through the appropriation of previously undesignated fund balance and requires the District to obtain additional approvals when budgetary transfers, measured using the advertised budgetary account totals rather than line-item totals, exceed certain thresholds. The Board of Education did not make any supplemental budgetary appropriations during the fiscal year that required additional approvals from oversight agencies.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

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

**F. Budgets/Budgetary Control (cont'd)**

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

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from The budgetary comparison schedules	\$120,380,761	\$4,902,163
Difference – budget to GAAP:		
Grant accounting budgetary differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - net		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	(810,831)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	<u>2,391,410</u>	<u>0</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance – governmental funds	<u>\$121,961,340</u>	<u>\$4,902,163</u>
Uses/Outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$116,745,904	\$4,902,163
Differences – budget to GAAP		
Encumbrances for supplies and equipment ordered but no received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	<u>0</u>	<u>0</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds (B-2)	<u>\$116,745,904</u>	<u>\$4,902,163</u>

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

**G. Cash, Cash Equivalents and Investments**

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. GUDPA was amended, effective July 1, 2010, by P.L. 2009, c. 326. The amendments provide a greater level of security protection for covered deposits by increasing collateralization requirements and revising the enforcement protocol to allow for timely response in the event that a member bank shows signs of stress.

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

**H. Tuition Receivable/Payable**

Tuition charges for the fiscal years 2017-2018 and 2018-2019 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined. Adjustments were made to the preliminary rates originally established for the 2019-2020 school year based upon the certification of 2017-2018 rates.

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

**I. Inventories and Prepaid Expenses**

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

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

Payments made to vendors for services that will benefit periods beyond June 30, 2019 are recorded as prepaid items in both the government-wide and fund financial statements.

**J. Short-Term Interfund Receivables/Payables**

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

**K. Capital Assets**

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

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

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

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

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

Food Service Fund:	
Equipment	15-20 Years

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

The District received approval for SDA grants in the amount of \$860,060 to make improvements to various school buildings in the District. The SDA participation in the project represents 40% of \$2,150,150 of costs deemed eligible out of a total project cost of \$2,150,150. The SDA has also established a fixed schedule for the submission of reimbursement vouchers, which is based upon the achievement of certain percentage of completion.

The District recognizes SDA grant revenue as earned, i.e., as eligible expenditures are incurred, at the rate of 40% of said expenditures. It is assumed that project completion will continue at a pace that will permit the filing of reimbursement vouchers within a time frame, which meets the availability criterion for revenue recognition under GAAP. As of June 30, 2019, the District has recognized all of the SDA grant revenue.

**M. Compensated Absences**

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

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

**N. Pensions**

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

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

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recorded as an outflow of resources (expenditure/expense) until that time. The District is reporting five items in this category; The Deferred Amount on Refunding, and Pension related items including the Difference between expected and actual experience, Change in Pension Assumptions, the Difference in Pension Earnings which represents the District's proportionate share of plan earnings in excess of assumed amounts, and the amounts of pension payments made by the District subsequent to the pension measurement date.

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

A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding bonds.

Deferred Outflows for Difference between expected and actual experiences and Changes in Pension Assumptions future outflows of resources resulting from changes in actuarial assumptions used in the valuation of the pension liability. Deferred outflows for subsequent pension payments reflects payments made by the District to the pension system subsequent to the date of the most recent actuarial valuation, which was June 30, 2018.

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

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

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

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

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

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

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****S. Fund Balance Policies**

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

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

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

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

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

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

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



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

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

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

Total Governmental Fund Balance (B-1)	\$29,850,238
Adjustments to District-Wide Net Position:	
Capital Assets (see Note 3)	53,955,496
Long-Term Liabilities (see Note 4)	(6,388,004)
Net Pension Liability	(27,613,727)
Other Items not recognized in Fund Financial Statements:	
Deferred Inflows of Financial Resources	(11,643,547)
Deferred Outflows of Financial Resources	6,471,488
Accrued Current Period Pension Liability	(1,394,605)
Accrued Interest on Long-term Debt	<u>(34,522)</u>
Net Position of Governmental Activities	<u>\$43,202,817</u>

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

Total Net Change Governmental Fund Balance (B-2)	\$1,980,825
Adjustments to District-Wide Net Position:	
Depreciation on Capital Assets (see Note 3)	(2,044,777)
Capital Outlays	3,141,251
Repayment of Long-Term Liabilities (see Note 4)	1,317,819
Proceeds from debt issues, Capital Leases	(707,790)
Change in net assets	(9,233)
Net Increase in Pension Expense	678,554
Increase in Value of Compensated Absences	(66,279)
Interest on Long-term Debt (Accrual Basis for District-Wide)	(18,745)
Amortization of Premiums Received on Bond Sales	15,865
Amortization of Deferred Amounts from Refunding	<u>(33,320)</u>
Net Position of Governmental Activities	<u>\$4,254,170</u>

**W. Estimates:**

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

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation (FDIC), New Jersey's Governmental Unit Deposit Protection Act, by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. The New Jersey Governmental Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain collateral in the amount of 5% of the average public deposits and deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000.00 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:941, et seq., which insures all New Jersey governmental units' deposits in excess of the federal deposit insurance maximums.

Based upon GASB criteria, the District considers cash and cash equivalents to include petty cash, change funds, demand deposits, money market accounts and short-term investments and are either any direct and general obligation of the United States of America or certificates of deposit issued by any bank, savings and bank or national banking association if qualified to serve as a depository for public funds under the provisions of the Governmental Unit Depository Protection Act.

At June 30, 2019, the book value of the District's cash, cash equivalents and investments were \$31,976,461.

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

Depository Account	Bank Balance
Insured - FDIC	\$ 750,000
Insured – NJGUDPA (N.J.S.A.17:941)	<u>33,128,902</u>
Total Deposits	<u>\$33,878,902</u>

**Custodial Credit Risk – Deposits -** Custodial credit risk is the risk that in the event of a bank failure, the board's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2019, \$0.00 of the Board's bank balance of \$33,878,902 was considered exposed to custodial risk. (See Note 1-G relating to statutory mitigation of custodial risk in the event of a bank failure).

**Concentration of Credit Risk –** This is the risk associated with the amount of investments that the Board has with any one issuer that exceeds 5 percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)**

Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. In general, the Board does not have an investment policy regarding Credit Risk except to the extent outlined under the Board's investment policy.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

As of June 30, 2019, the District held no investments.

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

As of June 30, 2019, the District had no funds on deposit with the New Jersey Cash Management fund.

NOTE 3 - DISCLOSURE OF INFORMATION ABOUT CAPITAL ASSETS

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

Total capital assets at cost	\$ 88,849,762
Less: accumulated depreciation	<u>(34,894,266)</u>
Government Activities Capital Assets, Net	<u>\$ 53,955,496</u>

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 3,331,700	\$	\$	\$ 3,331,700
Construction in Progress	2,382,698	2,602,279	(2,382,698)	2,602,279
Total Capital Assets Not Being Depreciated	<u>5,714,398</u>	<u>2,602,279</u>	<u>(2,382,698)</u>	<u>5,933,979</u>
Building and Building Improvements	68,206,340		2,382,698	70,589,038
Machinery, Equipment, Furniture & Vehicles	12,078,160	538,972	(290,387)	12,326,745
Totals at Historical Cost	<u>80,284,500</u>	<u>538,972</u>	<u>2,092,311</u>	<u>82,915,783</u>
Less Accumulated Depreciation For:				
Building and Building Improvements	(25,962,857)	(1,061,482)		(27,024,339)
Equipment, Furniture, and Vehicles	(7,167,786)	(983,295)	281,154	(7,869,927)
Total Accumulated Depreciation	<u>(33,130,643)</u>	<u>(2,044,777)</u>	<u>281,154</u>	<u>(34,894,266)</u>
Total Capital Assets Being Depreciated (Net of Accumulated Depreciation)	<u>47,153,857</u>	<u>(1,505,805)</u>	<u>2,373,465</u>	<u>48,021,517</u>
Government Activities Capital Assets, Net	<u>\$ 52,868,255</u>	<u>\$ 1,096,474</u>	<u>\$ (9,233)</u>	<u>\$ 53,955,496</u>
Business-type Activities				
Equipment	\$ 760,745	\$ 51,743	\$ (62,816)	\$ 749,672
Less Accumulated Depreciation for: Equipment	<u>(586,894)</u>	<u>(17,795)</u>	<u>62,816</u>	<u>(541,873)</u>
Business-type Activities Capital Assets, Net	<u>\$ 173,851</u>	<u>\$ 33,948</u>	<u>\$</u>	<u>\$ 207,799</u>

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

Instruction	\$ 1,819,852
Direct expense of various functions	224,925
Total depreciation expense	<u>\$ 2,044,777</u>

NOTE 4 - DISCLOSURE OF INFORMATION ABOUT LONG TERM LIABILITIES

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

Long-term debt liability activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
<b>Bonds Payable:</b>					
General Obligation Debt	\$ 675,000	\$ -	\$ 675,000	\$ -	\$ -
Total Bonds Payable	<u>675,000</u>		<u>675,000</u>	<u>-</u>	<u>-</u>
<b>Other Liabilities:</b>					
Obligations Under Capital Lease	2,582,280	707,790	642,819	2,647,251	619,219
Compensated Absences Payable	<u>3,674,474</u>	<u>66,279</u>		<u>3,740,753</u>	
Total Other Liabilities	<u>6,256,754</u>	<u>774,069</u>	<u>642,819</u>	<u>6,388,004</u>	<u>619,219</u>
Subtotal Bonds and Other Liabilities	6,931,754	774,069	1,317,819	6,388,004	619,219
Bond Premiums/(Discount)	15,865		15,865	-	
Net Pension Liability (PERS)	<u>34,127,005</u>		<u>6,513,278</u>	<u>27,613,727</u>	
Total Liabilities	<u>\$ 41,074,624</u>	<u>\$ 774,069</u>	<u>\$ 7,846,962</u>	<u>\$ 34,001,731</u>	<u>\$ 619,219</u>
<b>Business-type activities</b>					
<b>Enterprise fund:</b>					
Compensated Absences Payable	\$ 23,813	\$ -	\$ 4,995	\$ 18,818	\$ -
Total Liabilities	<u>\$ 23,813</u>	<u>\$ -</u>	<u>\$ 4,995</u>	<u>\$ 18,818</u>	<u>\$ -</u>

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

**A. Bonds Payable** -- Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. As of June 30, 2019, the District has no bonds outstanding.

**B. Bonds Authorized But Not Issued** -- As of June 30, 2019, the District had no bonds authorized but not issued.

**C. Capital Leases** --The District is leasing various equipment totaling \$2,647,251. The following is a schedule of the future minimum lease payments under this capital lease and the net minimum lease payments at June 30, 2019.

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 619,219	\$ 59,555	\$ 678,774
2021	617,082	45,937	663,019
2022	515,269	32,169	547,438
2023	857,738	20,219	877,957
2024	<u>37,943</u>	<u>1,948</u>	<u>39,891</u>
Total	\$ <u>2,647,251</u>	\$ <u>159,828</u>	\$ <u>2,807,079</u>

**NOTE 5. PENSION PLANS**

**Description of Plans** – The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the Public Employees Retirement System (PERS) and the Teachers Pension and Annuity Fund (TPAF), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions.

However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions), or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**A. PUBLIC EMPLOYEES RETIREMENT SYSTEM**

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

*Plan Membership and Contributing Employers*- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2018:

Inactive plan members or beneficiaries currently receiving benefits	<u>2018</u> 174,904
Inactive plan members entitled to but not yet receiving benefits	589
Active plan members	<u>254,780</u>
Total	<u>430,273</u>
Contributing Employers	1,708

*Significant Legislation* - Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law.

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

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

This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

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

*Payrolls and Covered Wages:*

For the year ended June 30, 2019 the Board's total payroll for all employees was \$63,363,369. Total PERS covered payroll was \$10,155,364. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan.

*Specific Contribution Requirements and benefit provisions* – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate completed the phase-in period for State fiscal year 2019 and member contributions increased to 7.5% effective July 1, 2018. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The School Board's cash contributions to the Plan for the years ended June 30, 2019 and 2018 were \$1,401,308 and \$1,378,853, respectively. School Board Contributions are due and payable in the fiscal period subsequent to plan year for which the contributions requirements were calculated.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. 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 on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more 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.



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

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

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.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – At June 30, 2019, the School Board reported a liability of \$27,613,727 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 June 30, 2017, which was rolled forward to that date. The Board's proportion of the net pension liability was based on a projection of the Boards long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the Boards proportion was 0.14024594%, which was a decrease of 0.00635779% from its proportion measure as of June 30, 2017.

For the year ended June 30, 2019, the Board recognized pension expenses of \$716,440. At June 30, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows <u>Of Resources</u>	Deferred Inflows <u>Of Resources</u>
Difference between expected and actual experience	\$ 526,598	\$ 142,385
Changes in assumptions	4,550,285	8,829,401
Net difference between projected and actual earnings on pension plan investments		259,018
Changes in proportion and differences between Board contributions and proportionate share of contributions		2,412,743
Board contributions subsequent to the measurement date	<u>1,394,605</u>	<u>0</u>
Total	<u>\$6,471,488</u>	<u>\$11,643,547</u>

The \$1,394,605 of deferred outflows of resources resulting from the Boards contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending <u>June 30,</u>	
2019	(\$531,614)
2020	(879,455)
2021	(2,429,581)
2022	(2,040,366)
2023	<u>(685,648)</u>
	<u>(\$6,566,664)</u>

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

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

*Actuarial Assumptions* - The collective 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:

Inflation	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%

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. 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. Postretirement 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 1 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.

In accordance with State statute, the long-term expected rate of return on 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.

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

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

Best estimates of arithmetic rates of return for each major asset class included in PERS'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 estate	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	<u>8.25%</u>	13.08%
	<u>100.00%</u>	

*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 on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and 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.

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

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

***Sensitivity of Net Pension Liability to Changes in the Discount Rate*** – the following presents the collective net pension liability of PERS participating employers as of June 30, 2018, calculated using the discount rates as disclosed above as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	At 1% Decrease <u>(4.66%)</u>	At current discount rate <u>(5.66%)</u>	At 1% increase <u>(6.66%)</u>
State	\$27,413,044,035	\$23,704,298,093	\$20,597,322,253
Local	<u>24,757,279,564</u>	<u>19,689,501,539</u>	<u>15,437,959,879</u>
PERS Plan Total	<u>\$52,170,323,599</u>	<u>\$43,393,799,632</u>	<u>\$36,035,282,132</u>
District's proportionate share of the net pension liability	<u>\$34,721,079</u>	<u>\$27,613,727</u>	<u>\$21,651,112</u>

***Components of Net Pension Liability*** – The components of the collective net pension liability for PERS, including the State of New Jersey, at June 30, 2018 is as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$30,434,600,657	\$42,431,573,511	\$72,866,174,168
Plan Fiduciary Net Position	<u>6,730,302,564</u>	<u>22,742,071,972</u>	<u>29,472,374,536</u>
Net Pension Liability	<u>\$23,704,298,093</u>	<u>\$19,689,501,539</u>	<u>\$43,393,799,632</u>

**B. TEACHERS PENSION AND ANNUITY FUND**

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

***Plan Membership and Contributing Employers-*** Substantially all teachers or members of the professional staff of Local Education Agencies that are certified by the State Board of Examiners, and Employees of the Department of Education who have titles that are unclassified, professional and certified are enrolled in the TPAF.

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

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

Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2018:

	<u>2018</u>
Inactive plan members or beneficiaries currently receiving benefits	102,573
Inactive plan members entitled to but not yet receiving benefits	197
Active plan members	<u>154,889</u>
 Total	 <u>257,659</u>
 Contributing Employers	 24

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

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

*Covered Payroll* - For the year ended June 30, 2019 the Board's total payroll for all employees was \$63,363,369. Total TPAF covered payroll was \$43,656,955. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan.

*Specific Contribution Requirements and benefit provisions* – The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, Chapter 78, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

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.

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

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

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 on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more 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.

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

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/19	\$7,956,074	Unknown	\$0
06/30/18	5,918,306	Unknown	0
06/30/17	4,320,059	Unknown	0

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

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

At June 30, 2018, the TPAF reported a net pension liability of \$63,617,852,031 for its Non-State Employer Member Group. The proportionate share of the State of New Jersey's net pension liability for the Non-State Employer Member Group that is attributable to the District was \$249,611,378 or 0.3923605877%. State non-employer contributions allocated to the District were \$4,312,793 and \$5,931,128 for 2018 and 2019, respectively.

*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	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 upon 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 Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Health5hy 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 Social Security data from 1953 to 2013. Disability 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.

*Return on Investments* - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) was determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block 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.

**NOTE 5. PENSION PLANS (CONT'D)****B. TEACHERS PENSION AND ANNUITY FUND (CONT'D)**

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>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	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	<u>8.25%</u>	13.08%
	<u>100.00%</u>	

*Discount Rate* – 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, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.



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

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

*Sensitivity of Net Pension Liability to Changes in the Discount Rate* – The following presents the net pension liability of the State as of June 30, 2018 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	<u>At 1% Decrease (3.86%)</u>	<u>At current discount rate (4.86%)</u>	<u>At 1% Increase (5.86%)</u>
TPAF	\$75,417,894,537	\$63,806,350,446	\$54,180,663,328

*Components of Net Pension Liability* – The components of the net pension liability for TPAF, including the State of New Jersey, at June 30, 2018 is as follows:

Total pension liability	\$ 86,797,467,286
Plan fiduciary net position	<u>22,991,116,840</u>
Net pension liability	<u>\$ 63,806,350,446</u>
Plan fiduciary net position as a percentage of the total pension liability	26.49%

*Additional Information* – Collective balances at June 30, 2018 were as follows:

Collective Deferred Outflows of Resources	\$ 12,473,998,870
Collective Deferred Inflows of Resources	16,180,773,643
State's Total Non-employer Net Pension Liability	63,617,852,031
District's Proportion	0.3923605875%

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

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

*Plan Membership and Contributing Employers-* Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2016, the membership in the DCRP, based on the information within the Division's database, was 46,557.

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

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

For the year ended June 30, 2019 the Board's total payroll for all employees was \$63,363,369. Total DCRP covered payroll was \$1,842,191. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan. Board and employee contributions to the DCRP for the year ended June 30, 2019 were \$55,266 and \$101,323, respectively.

**NOTE 6. POST-RETIREMENT BENEFITS****General Information about the OPEB Plan:***Plan Description and Benefits Provided:*

P.L. 1987, c.384 and P.L. 1990, c.6. required the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees Retirement System (PERS), respectively, to fund post-retirement medical benefits for those members who retire after accumulating a minimum of 25 years of credited service or on a disability retirement. Pursuant to P.L. 2007, c.103, separate funds outside the pension plans were established for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. Pursuant to this Act, the State Health Benefits Local Education Retired Employees Plan (SHBLEREP) was established to oversee the funding and payment of post-employment medical benefits for eligible LEA employees. The SHBPLEREP is a multiple employer defined benefit OPEB plan that is administered on a pay-as-you-go basis in accordance with P.L. 1994, c.62. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria set forth in paragraph 4 of GASB Statement No. 75. The SHBPLEREP provides medical, prescription drug and Medicare Part B reimbursement to retirees and retiree dependents of local education employers.

Coverage is provided at no cost to members of the TPAF and PERS that had retired on a disability retirement or retired after accumulating 25 years of creditable service prior to June 28, 2011 and to those who had a minimum of 20 years of creditable service on June 28, 2011 and who subsequently retire after accumulating 25 years of credited service or on a disability retirement. Employees who had less than 20 years of creditable service on June 28, 2011 and subsequently retire after accumulating a minimum of 25 years of creditable service are required by Chapter 78, P.L. 2011 to contribute a percentage of the cost of their health care coverage in retirement. The percentage of the premium that will be the responsibility of the retiree is determined based upon the retiree's annual retirement benefit and level of coverage.

The State is also responsible for the costs attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage.

*Covered Retirees and State Contributions:*

In fiscal year 2018, the State paid post-employment health benefits for 148,401 State and local retirees meeting the service credit eligibility requirements.

The State funds post-employment health benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the OPEB expenses that the State may incur in future years.

*Total OPEB Liability*

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make contributions to OPEB for qualified retired SHBLEREP participants. The State of New Jersey's Total Non-employer OPEB Liability for the SHBLEREP was \$53,639,841,858 and \$46,110,832,982 at June 30, 2017 and 2018, respectively. The amounts of the State's Non-employer OPEB Liability that are attributable to employees and retirees of the Morris Township School District was \$201,231,802 and \$174,712,060 at June 30, 2017 and 2018, respectively. These allocated liabilities represent 0.38% of the State's Total Non-employer OPEB Liability for each of the years reported.

**NOTE 6. POST-RETIREMENT BENEFITS (CONT'D)**

However, the Morris Township School District's proportionate share percentage as determined in accordance with the provisions of paragraphs 193 and 203 to 205 of GASB Statement No. 75 is zero percent.

Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Based upon the preceding, the OPEB liability information that follows is reported at the State's level and does not reflect expenses and liabilities of the District that are required to be funded through annual District budgets.

*Actuarial Assumptions and Other Inputs:*

The total non-employer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 that was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending upon the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	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

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 the MP-2017 scale. 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 the MP-2017 scale. 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 the MP-2017 scale.

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.

*Healthcare Trend Assumptions:*

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

**NOTE 6. POST-RETIREMENT BENEFITS (CONT'D)**

*Discount Rate:*

The discount rates for June 30, 2018 and 2017 were 3.87% and 3.58%, respectively. The source is the Bond Buyer G.O. 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of Aa/AA or higher.

*Changes in the Total Non-employer OPEB Liability reported by the State of New Jersey:*

Changes to the State's Total Non-employer OPEB Liability during the fiscal year ended June 30, 2018 were as follows:

	<u>State Totals</u>	<u>District Allocation</u>
Non-employer OPEB Liability Balance-June 30, 2017:	\$53,639,841,858	\$201,231,802
Changes During the Current Year:		
Service Cost	1,984,642,729	7,137,933
Interest on the Total OPEB Liability	1,970,236,232	7,379,613
Differences Between Expected and Actual Experience	(5,002,065,740)	(16,477,930)
Changes in Assumptions	(5,291,448,855)	(20,049,083)
Gross Benefit Payments	(1,232,987,247)	(4,671,738)
Employee Contributions	<u>42,614,005</u>	<u>161,463</u>
Net Changes	(7,529,008,876)	(26,519,742)
Non-employer OPEB Liability Balance-June 30, 2018	<u>\$46,110,832,982</u>	<u>\$174,712,060</u>

Changes in Assumptions-Reflects a change in the discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

*Sensitivity of the State's Total Non-employer OPEB Liability to Changes in the Discount Rate:*

The following table sets forth the State's Total Non-employer OPEB Liability as of June 30, 2018, calculated using the discount rate as disclosed above, as well as what the State's Total Non-employer OPEB Liability would be if it was calculated using a discount rate that is one percentage point (1%) higher and lower than the actual discount rate that was utilized in the current period:

	1% Decrease <u>(2.87%)</u>	At Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
Total Non-employer OPEB Liability (New Jersey LEA Retirees)	\$54,512,391,175	\$46,110,832,982	\$39,432,461,816

**NOTE 6. POST-RETIREMENT BENEFITS (CONT'D)**

*Sensitivity of the State's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:*

The following table sets forth the State's Total Non-employer OPEB Liability as of June 30, 2018, calculated using the healthcare trend rates rate as disclosed above, as well as what the State's Total Non-employer OPEB Liability would be if it was calculated using a healthcare trend rate that is one percentage point (1%) higher and lower than the actual healthcare trend rate that was utilized in the current period:

	<u>1% Decrease</u>	<u>Healthcare Cost Trent Rate</u>	<u>1% Increase</u>
Total Non-employer OPEB Liability (New Jersey LEA Retirees)	\$38,113,289,045	\$46,110,832,982	\$56,687,891,003

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

For the year ended June 30, 2019, in the Statement of Activities, the School District recognized OPEB expense of \$7,921,055. This amount was determined by the State of New Jersey as the District's allocated special funding share of the State's \$2,129,660,368 Total OPEB Non-employer Expense for the year ended June 30, 2018. These expense amounts represent calculations in accordance with GASB Statement No. 75 for the defined benefit OPEB Plan that is not operated through a trust that meets the criteria of paragraph 4 of the Statement and in which there is a special funding situation. As the State of New Jersey is the only entity with a legal responsibility to fund SHBLEREP OPEB obligations, the District's recognized OPEB expense is offset by Program Revenues/Operating Contributions in an equal amount in the Statement of Activities. Due to this special funding situation, there is no recognition of the allocation of the proportionate shares of deferred outflows of resources and deferred inflows of resources in the District's financial statements.

*On-behalf Payments by the State of New Jersey for Retiree Health Benefits Costs:*

As noted above, the State of New Jersey, pursuant to P.L. 1994, c. 62, administers the OPEB Plan on a pay-as-you-go basis. The following table sets forth the amounts of State contributions to the SHBLEREP allocated to the District for the last three years for post-employment medical costs. These amounts are reported in the governmental funds and budgetary comparison schedules as revenues and expenditures.

**NOTE 6. POST-RETIREMENT BENEFITS (CONT'D)**

<u>Year Funding</u>		<u>Annual Post-Retirement Medical Cost (APC)</u>	<u>Percentage of APC Contributed</u>
6/30/19	\$	3,608,862	100%
6/30/18		3,822,508	100%
6/30/17		3,599,592	100%

*Additional Information:*

Collective balances of the SHBLEREP at June 30, 2018 were as follows:

Deferred Outflows of Resources	\$	1,377,313,892
Deferred Inflows of Resources		16,189,378,926
State's Total Non-employer OPEB Liability		46,110,832,982
District's Proportion		0.378895909%

**NOTE 7. COMPENSATED ABSENCES**

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

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

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

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

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

**NOTE 7. COMPENSATED ABSENCES (Cont'd):**

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

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

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2019, a liability existed for compensated absences in the Community School in the amount of \$18,818.

**NOTE 8. DEFERRED COMPENSATION**

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by third parties who are authorized by the Board and selected by each participant individually, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

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



**NOTE 9. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Morris School District Board of Education by inclusion of \$1.00 on October 10, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submissions of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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	\$10,241,791
Board Resolution	2,000,000
Appropriated 18/19 Budget	2,756,200
SDA Project Proceeds	699,591
Interest Earnings	<u>5,593</u>
Total Deposits	<u>5,461,384</u>
Withdrawal	
Appropriated 19/20 Budget	2,835,600
Transferred to Capital Projects Fund – (Net)	<u>2,756,200</u>
	<u>5,591,800</u>
Ending Balance June 30, 2019	<u>\$10,111,375</u>

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2019 is \$675,338. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

**NOTE 10. TRANSFERS - CAPITAL OUTLAY**

During the year ending June 30, 2019, the district did not transfer any capital outlay accounts to the Capital Projects Fund.

**NOTE 11. RISK MANAGEMENT**

**Property and Liability Insurance** - The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the school year ended June 30, 2019, the District continued to transfer all insurable risks through the purchase of commercial insurance policies. Settled claims resulting from these risks have not exceeded commercial insurance coverage during each of the past three fiscal years. During the year ended June 30, 2019, there were no significant reductions in coverages from those provided in the previous year.

**NOTE 12. NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE**

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

Due to legal restrictions imposed by the State of New Jersey on the accumulated balance in the District's Unemployment Compensation Insurance Fund, the District has elected to treat this fund as an expendable trust fund for the purpose of financial reporting. Information relating to this fund for the year ended June 30, 2019:

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Board Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-2019	\$ 96,796	\$ 4,674	\$ 91,712	\$2,094,916
2017-2018	95,681	54	89,314	2,085,158
2016-2017	91,809	8,231	86,675	2,078,737

**NOTE 13. INTERFUND RECEIVABLES AND PAYABLES**

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	\$	\$ 441,648
Special Revenue Fund		83,408
Capital Projects Fund	605,317	
Enterprise Funds		80,261
	<u>\$ 605,317</u>	<u>\$ 605,317</u>

**NOTE 14. INVENTORY**

Inventory in the Food Service Fund at June 30, 2019 consisted of the following:

Food	\$	13,411
Supplies		<u>6,819</u>
	\$	<u>20,230</u>

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

**NOTE 15. FUND BALANCE APPROPRIATED**

**General Fund (B-1)** - Of the \$29,174,900 General Fund balance at June 30, 2019, \$6,775,612 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7 \$10,111,375 has been restricted in the Capital Reserve Account; \$4,095,762 is restricted for the Maintenance Reserve Account; \$4,477,987 has been assigned and included as anticipated revenue for the year ending June 30, 2020; \$3,584,943 is unassigned and \$129,221 has been committed as Reserve for Encumbrances.

**Debt Service Fund** - The Debt Service Fund had unassigned fund balance at June 30, 2019 in the amount of \$0.

**Capital Projects Fund** - The fund balance at June 30, 2019 is \$675,338. The entire amount of \$675,338 is restricted.

**NOTE 16. DEFICIT FUND BALANCES**

The District did not have any deficit fund balances at June 30, 2019 that would have been reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable.

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

**NOTE 17. FUND BALANCE RESERVED FOR TUITION ADJUSTMENTS**

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

**NOTE 18. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2019 is \$3,881,309.

**NOTE 19. OTHER RESERVE ACCOUNTS**

Pursuant to enabling legislation and rulemaking, the District is permitted to establish legally restricted Reserve funds for Maintenance. The activity of these reserved accounts and their status at June 30, 2019 is as follows:

Maintenance Reserve: The balance at the end of June 30, 2019 in this account was \$4,095,762.

**NOTE 20. 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.

**NOTE 20. TAX ABATEMENTS (CONT'D)**

The Division of Local Government Services, in the Department of Community Affairs, State of New Jersey, requires each municipality to submit annually a "User Friendly Budget", which, among other disclosures, includes a listing of all properties which have been granted tax abatements, including assessed values and any In-Lieu-Of-Tax-Payments made to the municipality. The 2019 User Friendly Budget for Morris Township recognized revenue of \$10,000 from the annual service charge in lieu of payment of taxes in 2018 and taxes in 2018 that otherwise would have been due on these long-term tax exemptions amounted to \$438,063, based upon the assessed valuations of the long-term tax exemptions properties. A portion of the \$438,063 abatement would have been allocated to the District. The 2019 User Friendly Budget for the Town of Morristown recognized revenue of \$1,011,592 from the annual service charge in lieu of payment of taxes in 2018 and taxes in 2018 that otherwise would have been due on these long-term tax exemptions amounted to \$326,100, based upon the assessed valuations of the long-term tax exemptions properties.

**NOTE 21. PENDING LITIGATION AND CONTINGENT LIABILITIES**

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

**NOTE 22. SUBSEQUENT EVENTS**

No events have occurred subsequent to the close of the fiscal year that requires disclosure herein.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART II**

**BUDGETARY COMPARISON SCHEDULES**

**SECTION – C**

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

Exhibit - C-1  
 Page 1 of 16

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 91,073,093	\$ -	\$ 91,073,093	\$ 91,073,093	\$ -
Tuition from Individuals	87,552	-	87,552	1,515	(86,037)
Tuition from Other LEAs within the State	4,460,389	-	4,460,389	4,431,275	(29,114)
Maintenance Reserve Interest	350	-	350	1,520	1,170
Capital Reserve Interest	10,000	-	10,000	5,593	(4,407)
Miscellaneous	115,160	235,222	350,382	539,847	189,465
<b>Total - Local Sources</b>	<b>95,746,544</b>	<b>235,222</b>	<b>95,981,766</b>	<b>96,052,844</b>	<b>71,078</b>
State Sources:					
School Choice Aid	757,545	-	757,545	757,545	-
Categorical Special Education Aid	3,521,639	-	3,521,639	3,521,639	-
Categorical Security Aid	994,301	-	994,301	994,301	-
Adjustment Aid	218,451	-	218,451	218,451	-
Categorical Transportation Aid	1,736,086	-	1,736,086	1,736,086	-
Extraordinary Aid				2,189,466	2,189,466
Nonpublic School Transportation Aid				119,705	119,705
Homeless Tuition Reimbursement				8,077	8,077
On-Behalf TPAF Pension					
Contrib. - Not Budgeted				7,956,074	7,956,074
On-Behalf Post Retirement Medical					
Contrib. - Not Budgeted				3,608,862	3,608,862
On-Behalf Long-Term Disability Insurance					
Contrib. - Not Budgeted				9,983	9,983
On-Behalf TPAF Soc. Sec.					
Contrib. - Not Budgeted				3,093,122	3,093,122
<b>Total - State Sources</b>	<b>7,228,022</b>	<b>-</b>	<b>7,228,022</b>	<b>24,213,311</b>	<b>16,985,289</b>
Federal Sources:					
Medicaid Reimbursements	88,566	-	88,566	106,766	18,200
Impact Aid	5,000	-	5,000	7,840	2,840
<b>Total - Federal Sources</b>	<b>93,566</b>	<b>-</b>	<b>93,566</b>	<b>114,606</b>	<b>21,040</b>
<b>Total Revenues</b>	<b>103,068,132</b>	<b>235,222</b>	<b>103,303,354</b>	<b>120,380,761</b>	<b>17,077,407</b>



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

Exhibit - C-1  
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	<u>BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL</u>
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	\$ 1,386,545	\$ 2,871	\$ 1,389,416	\$ 1,348,746	\$ 40,671
Grades 1- 5	10,516,325	(53,421)	10,462,904	10,057,954	404,950
Grades 6- 8	6,457,807	(6,448)	6,451,359	6,293,567	157,792
Grades 9-12	9,197,820	172,260	9,370,080	9,283,900	86,179
Home Instr. - Reg. Prog.					
Salaries of Teachers	110,824	-	110,824	108,234	2,590
Other Salaries for Instruction	10,295	-	10,295	10,295	10,295
Purchased Profess./Educa. Serv.	75,000	35,542	110,542	101,897	8,645
Regular Programs - Undistrib. Instr.					
Other Salaries for Instruction	175,288	2,480	177,768	130,533	47,235
Purchased Profess./Educa. Serv.	160,000	(1,400)	158,600	156,525	2,075
Purchased Technical Serv.	79,838	(433)	79,405	74,016	5,389
Other Purchased Services	1,056,750	66,060	1,122,810	1,007,849	114,961
General Supplies	1,247,120	456,363	1,703,483	1,615,031	88,452
Textbooks	136,000	(17,906)	118,094	60,379	57,715
Other Objects	7,550	(1,050)	6,500	6,179	321
Total Regular Programs	<u>30,617,162</u>	<u>654,918</u>	<u>31,272,080</u>	<u>30,244,810</u>	<u>1,027,270</u>

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

Exhibit - C-1  
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	<u>BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL</u>
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Special Education (Cont'd.)					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 119,300	\$ (119,300)	\$ -	\$ -	\$ -
Total Learning and/or Language Disabilities	<u>119,300</u>	<u>(119,300)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Resource Room/Resource Center					
Salaries of Teachers	3,498,885	(30,241)	3,468,644	3,457,144	11,500
Other Salaries for Instruction	23,000	-	23,000	-	23,000
General Supplies	18,793	(5,273)	13,520	12,390	1,130
Total Resource Room/Resource Center	<u>3,540,678</u>	<u>(35,514)</u>	<u>3,505,164</u>	<u>3,469,534</u>	<u>35,630</u>
Multiple Disabilities					
Salaries of Teachers	327,464	(41,596)	285,868	285,868	-
Other Salaries for Instruction	1,878,532	46,004	1,924,536	1,836,509	88,027
Purchased Prof. Educational Services	90,900	-	90,900	90,900	-
Other Purchased Services	800	-	800	653	147
General Supplies	30,000	(3,902)	26,098	22,527	3,571
Total Multiply Disabilities	<u>2,327,696</u>	<u>505</u>	<u>2,328,201</u>	<u>2,236,457</u>	<u>91,744</u>

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

Exhibit - C-1  
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
Preschool Disabilities-Full Time					
Salaries of Teachers	\$ 711,656	\$ (17,400)	\$ 694,256	\$ 581,169	\$ 113,088
Other Salaries for Instruction	116,163	14,209	130,372	83,349	47,023
Purch. Prof. Educ. Services	1,400	-	1,400	-	1,400
Purchased Technical Services	1,117	-	1,117	453	664
Other Purchased Services	6,300	-	6,300	271	6,029
General Supplies	21,550	-	21,550	17,539	4,011
Other Objects	3,000	-	3,000	656	2,344
	<u>861,186</u>	<u>(3,191)</u>	<u>857,995</u>	<u>683,436</u>	<u>174,559</u>
Total Preschool Disabilities FT					
Total Special Education	<u>6,848,860</u>	<u>(157,499)</u>	<u>6,691,361</u>	<u>6,389,428</u>	<u>301,933</u>
Basic Skills/Remedial					
Salaries of Teachers	781,267	2,038	783,305	771,073	12,232
Other Salaries for Instruction	23,958	-	23,958	21,618	2,340
General Supplies	2,100	(300)	1,800	1,659	141
	<u>807,325</u>	<u>1,738</u>	<u>809,063</u>	<u>794,350</u>	<u>14,713</u>
Total Basic Skills/Remedial					
Bilingual Education					
Salaries of Teachers	1,340,445	108,343	1,448,788	1,448,788	-
Other Salaries for Instr.	42,750	-	42,750	14,880	27,870
Other Purchased Services	1,800	1,050	2,850	1,468	1,382
General Supplies	71,425	9,740	81,165	78,773	2,392
Other Objects	8,050	(8,050)	-	-	-
	<u>1,464,470</u>	<u>111,083</u>	<u>1,575,553</u>	<u>1,543,909</u>	<u>31,645</u>
Total Bilingual Education					

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

Exhibit - C-1  
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
School-Sponsored Co./Extra Activities					
Salaries	\$ 288,349	\$ 2,799	\$ 291,148	\$ 261,420	\$ 29,727
Purchased Services	9,500	5,521	15,021	12,095	2,926
Supplies and Materials	16,700	(1,713)	14,987	14,570	417
Other Objects	8,000	3,081	11,081	10,677	404
<b>Total School-Sponsored Cocurricular Activities</b>	<b>322,549</b>	<b>9,688</b>	<b>332,237</b>	<b>298,763</b>	<b>33,474</b>
School-Sponsored Athletics					
Salaries	879,152	\$ 5,450	884,602	863,864	20,739
Purchased Services	96,916	30,089	127,005	123,537	3,468
Supplies and Materials	116,700	2,464	119,164	116,352	2,812
Other Objects	89,900	(5,633)	84,267	83,770	497
<b>Total School-Sponsored Athletics</b>	<b>1,182,668</b>	<b>32,370</b>	<b>1,215,038</b>	<b>1,187,523</b>	<b>27,515</b>
Before/After School Programs					
Salaries of Teachers	58,152	50,818	108,970	85,022	23,948
<b>Total Before/After School Programs</b>	<b>58,152</b>	<b>50,818</b>	<b>108,970</b>	<b>85,022</b>	<b>23,948</b>
<b>Total Instruction</b>	<b>41,301,186</b>	<b>703,116</b>	<b>42,004,302</b>	<b>40,543,805</b>	<b>1,460,497</b>

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

Exhibit - C-1  
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures:					
Instruction					
Tuition to Other LEA's Within the State-Special	\$ 508,389	(9,853)	\$ 498,536	\$ 476,679	\$ 21,858
Tuition to Other LEA's Within the State-Regular	-	9,853	9,853	2,534	7,319
Tuition to Cnty. Voc. School Reg.	236,169	138,731	374,900	333,907	40,993
Tuition to Cnty. Voc. School - Spec.	16,500	-	16,500	10,027	6,473
Tuition to CSSD & Reg Day Schools	2,923	-	2,923	2,923	-
Tuition to Priv. Sch. for the Disabled - Within State	5,343,403	(640,267)	4,703,136	4,215,941	487,195
Tuition to Priv. Sch. Disabled Other LEAs-Spl - Out of State	311,776	-	311,776	213,584	98,192
Tuition - State Facilities	203,825	-	203,825	203,825	-
Tuition - Other	335,190	-	335,190	294,050	41,140
<b>Total Undistrib. Expend. - Instruc.</b>	<b>6,958,175</b>	<b>(501,536)</b>	<b>6,456,639</b>	<b>5,753,469</b>	<b>703,170</b>
Attendance and Social Work					
Salaries	64,721	1,230	65,951	65,951	-
<b>Total Attendance &amp; Social Work</b>	<b>64,721</b>	<b>1,230</b>	<b>65,951</b>	<b>65,951</b>	<b>-</b>
Health Services					
Salaries	1,117,493	(86,019)	1,031,474	1,024,059	7,415
Purchased Prof./Tech. Services	137,143	58,770	195,913	152,780	43,133
Other Purchased Services	1,450	(692)	758	758	-
Supplies and Materials	33,700	(7,970)	25,730	22,340	3,391
<b>Total Health Services</b>	<b>1,289,786</b>	<b>(35,911)</b>	<b>1,253,875</b>	<b>1,199,936</b>	<b>53,939</b>

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

Exhibit - C-1  
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Speech, OT, PT and Related Svcs					
Salaries	\$ 1,184,520	\$ (90,000)	\$ 1,094,520	\$ 1,066,856	\$ 27,664
Purch. Profess. - Educational Svcs.	1,201,437	165,114	1,366,551	1,262,172	104,379
Supplies and Materials	79,100	(83)	79,017	74,854	4,163
	<u>2,465,057</u>	<u>75,031</u>	<u>2,540,088</u>	<u>2,403,882</u>	<u>136,206</u>
Total Speech, OT, PT and Related Svcs - Related Services					
Other Supp. Serv. Stud.-Extra Serv.					
Salaries	1,756,422	(350,572)	1,405,850	1,364,615	41,235
Purch. Profess. - Educational Svcs.	65,000	(65,000)	-	-	-
	<u>1,821,422</u>	<u>(415,572)</u>	<u>1,405,850</u>	<u>1,364,615</u>	<u>41,235</u>
Total Other Support Services Student - Extra Services					
Guidance					
Salaries of Other Prof. Staff	2,202,423	(375,027)	1,827,396	1,774,913	52,482
Salaries of Secr. and Cler. Assts.	214,402	(10,057)	204,345	196,698	7,647
Purch. Profess. - Educational Svcs.	237,624	18,500	256,124	253,382	2,742
Other Purch. Prof. and Tech. Svcs.	7,545	7,887	15,432	15,166	266
Other Purchased Services	1,950	2,695	4,645	2,916	1,729
Supplies and Materials	22,300	(1,000)	21,300	19,156	2,144
Other Objects	450	-	450	305	145
	<u>2,686,694</u>	<u>(357,002)</u>	<u>2,329,692</u>	<u>2,262,536</u>	<u>67,156</u>
Total Guidance					

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

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures -					
Child Study Teams					
Salaries of Other Prof. Staff	\$ 2,063,208	293,557	\$ 2,356,765	\$ 2,338,631	\$ 18,133
Salaries of Secr. and Cler. Assts.	267,074	-	267,074	261,096	5,978
Other Purch. Prof. and Tech. Services	161,574	(1,000)	160,574	127,807	32,767
Other Purchased Services	9,128	1,500	10,628	5,429	5,199
Supplies & Materials	47,000	(1,500)	45,500	39,947	5,553
Other Objects	3,000	-	3,000	2,777	223
Total Child Study Teams	<u>2,550,984</u>	<u>292,557</u>	<u>2,843,541</u>	<u>2,775,687</u>	<u>67,854</u>
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	774,558	11,758	786,316	749,746	36,570
Salaries of Secty. & Clerical Staff	58,220	-	58,220	57,018	1,202
Purch. Profess. - Educational Svcs.	2,505	(485)	2,020	1,922	98
Other Purch. Prof. and Tech. Services	90,630	(1,346)	89,284	75,052	14,232
Other Purch. Services	10,500	5,333	15,833	5,746	10,087
Supplies and Materials	21,541	13,665	35,206	26,918	8,288
Other Objects	5,000	478	5,478	3,634	1,844
Total Improvement of Instruction	<u>962,954</u>	<u>29,403</u>	<u>992,357</u>	<u>920,037</u>	<u>72,320</u>

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

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures:					
Educational Media Serv./School Library					
Salaries	\$ 1,088,932	\$ 38,660	\$ 1,127,592	\$ 1,127,592	\$ -
Salaries of Technology Coordinators	618,528	12,618	631,146	631,146	-
Unused Vacation Payment to Terminated/Retired Staff		14,604	14,604	14,604	-
Purchased Prof./Tech. Services	40,952	315	41,267	40,335	932
Other Purchased Services	3,034	(871)	2,163	1,301	862
Supplies and Materials	45,225	3,081	48,306	47,620	686
Other Objects	2,000	(200)	1,800	1,774	26
<b>Total Educ. Media Services/ School Library</b>	<b>1,798,671</b>	<b>68,207</b>	<b>1,866,878</b>	<b>1,864,373</b>	<b>2,505</b>
Instructional Staff Training Services					
Salaries of Other Profess. Staff	55,000	-	55,000	35,604	19,396
Salaries of Secty. & Clerical Staff	18,932	-	18,932	18,552	381
Purchased Prof./Educ. Services	127,630	(51,060)	76,570	65,748	10,822
Supplies and Materials	5,600	20	5,620	905	4,715
<b>Total Instructional Staff Training Serv</b>	<b>207,162</b>	<b>(51,040)</b>	<b>156,122</b>	<b>120,808</b>	<b>35,314</b>



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

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Undistributed Expenditures:					
Support Serv. General Administration					
Salaries	\$ 315,853	\$ -	\$ 315,853	\$ 306,659	\$ 9,194
Legal Services	225,000	49,200	274,200	269,186	5,014
Audit Fees	40,700	-	40,700	40,092	608
Other Purchased Professional Serv.	118,850	(59,660)	59,190	56,973	2,217
Purchased Tech. Services	26,500	(2,305)	24,195	24,160	35
Communications/Telephone	478,700	159,178	637,878	627,995	9,883
BOE Other Purchased Services	3,500	(3,427)	73	-	73
Misc. Purchased Services	105,966	(5,672)	100,294	99,500	795
General Supplies	39,500	5,277	44,777	43,432	1,346
BOE In-House Training/Meeting Supplies	11,700	(1,124)	10,576	8,793	1,783
Misc. Expenditures	12,000	(5,228)	6,772	6,755	17
BOE Membership Dues & Fees	32,000	(4,100)	27,900	27,803	97
<b>Total Support Serv. General Administration</b>	<b>1,410,269</b>	<b>132,140</b>	<b>1,542,409</b>	<b>1,511,346</b>	<b>31,063</b>
Support Serv. School Administration					
Salaries of Principals/					
Asst. Principals	2,621,301	(50,431)	2,570,870	2,570,870	-
Salaries of Other Professional Staff	409,591	(3,814)	405,777	405,600	177
Salaries of Secty. and Cler. Assts.	887,139	(19,795)	867,344	850,087	17,256
Unused Vacation Payment to Terminated/Retired Staff	-	77,154	77,154	77,154	-
Purchased Prof. Tech. Services	23,428	733	24,161	20,228	3,933
Other Purchased Services	46,765	(5,801)	40,964	11,071	29,894
Supplies and Materials	44,825	(1,471)	43,354	37,070	6,284
Other Objects	13,966	(1,145)	12,821	8,739	4,081
<b>Total Support Serv. School Admin.</b>	<b>4,047,015</b>	<b>(4,571)</b>	<b>4,042,444</b>	<b>3,980,819</b>	<b>61,625</b>
Central Services					
Salaries	1,211,075	8,273	1,219,348	1,101,806	117,543
Purchased Prof. Services	65,000	(10,500)	54,500	35,650	18,850
Purchased Technical Services	42,847	-	42,847	34,344	8,503
Misc. Purchased Services	249,792	(4,764)	245,028	211,798	33,230
Supplies and Materials	21,750	-	21,750	13,816	7,934
Misc. Expenditures	22,450	(1,670)	20,780	11,376	9,403
<b>Total Central Services</b>	<b>1,612,914</b>	<b>(8,661)</b>	<b>1,604,253</b>	<b>1,408,791</b>	<b>195,462</b>

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

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Undistributed Expenditures:					
Administrative Info. Technology					
Salaries	\$ 233,713	\$ -	\$ 233,713	\$ 233,711	\$ 2
Purch. Professional Services	46,000	-	46,000	45,947	53
Purch. Technical Services	177,981	21,250	199,231	197,705	1,526
Other Purchased Services	12,550	-	12,550	9,781	2,769
Supplies and Materials	11,250	(4,925)	6,325	6,181	144
Other Objects	3,400	(464)	2,936	2,481	455
<b>Total Admin. Info. Technology</b>	<b>484,894</b>	<b>15,861</b>	<b>500,755</b>	<b>495,806</b>	<b>4,949</b>
Interest on Maintenance Reserve		-			-
Req. Maint. For School Facilities					
Salaries	622,170	58,240	680,410	656,400	24,010
Cleaning, Repair & Maint. Services	1,195,275	86,392	1,281,667	1,152,566	129,102
General Supplies	245,150	(13,228)	231,922	231,922	-
Other Objects	10,760	(4,675)	6,085	5,467	618
<b>Total Req. Maint Sch. Facilities</b>	<b>2,073,355</b>	<b>126,729</b>	<b>2,200,084</b>	<b>2,046,354</b>	<b>153,729</b>
Custodial Services					
Salaries	2,531,693	135,628	2,667,321	2,667,321	-
Salaries of Non-Instructional Aides	113,319	-	113,319	90,698	22,622
Purchased Prof. and Tech. Services	261,233	29,671	290,904	223,114	67,790
Rental of Land & Bldgs. Other than Lease Purchase	236,700	153,508	390,208	382,887	7,321
Other Purchased Property Services	243,000	(47,179)	195,821	195,743	79
Insurance	401,977	7,519	409,496	408,256	1,240
Misc. Purchased Services	5,000	(4,339)	661	661	-
General Supplies	266,200	10,878	277,078	274,389	2,689
Energy (Natural Gas)	585,000	(75,893)	509,107	426,311	82,795
Energy (Electricity)	1,060,000	-	1,060,000	720,504	339,496
Energy (Gasoline)	60,000	-	60,000	24,963	35,037
Other Objects	25,798	(5,600)	20,198	19,524	674
<b>Total Custodial Services</b>	<b>5,789,920</b>	<b>204,193</b>	<b>5,994,113</b>	<b>5,434,370</b>	<b>559,743</b>

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

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Care and Upkeep of Grounds					
Salaries	\$ 471,998	\$ 28,456	\$ 500,454	\$ 497,252	\$ 3,201
Cleaning, Repair & Maint. Services	72,600	13,316	85,916	63,965	21,951
General Supplies	67,800	(35,194)	32,606	32,351	255
Total Care and Upkeep of Grounds	<u>612,398</u>	<u>6,578</u>	<u>618,976</u>	<u>593,568</u>	<u>25,407</u>
Security					
Salaries	497,786	157,550	655,336	625,737	29,599
Purchased Prof. and Tech. Services	539,000	(116,500)	422,500	393,430	29,070
Cleaning, Repair & Maint. Services	250,000	(35,466)	214,534	185,151	29,383
General Supplies	100,050	13,953	114,003	88,713	25,290
Total Security	<u>1,386,836</u>	<u>19,537</u>	<u>1,406,373</u>	<u>1,293,032</u>	<u>113,341</u>
Total Maint. & Custodial Serv.	<u>9,862,509</u>	<u>357,037</u>	<u>10,219,546</u>	<u>9,367,324</u>	<u>852,221</u>
Student Transportation Services					
Salaries for Pupil Transportation (Between Home & School) - Regular	1,376,113	104,553	1,480,666	1,480,666	-
Salaries for Pupil Transportation (Between Home & School) - Special	531,579	157,879	689,458	582,886	106,572
Salaries for Pupil Transportation (Other than Between Home & School)	284,142	288,781	572,923	572,923	-
Management Fee-ESC Transport. Prog.	80,225	-	80,225	74,538	5,687
Other Purch. Prof./Tech. Serv.	8,781	-	8,781	1,214	7,567
Cleaning, Repair, and Maint. Services	60,000	(20,000)	40,000	15,217	24,783
Lease Purchase Payments - School Buses	454,781	-	454,781	437,981	16,800
Contracted Services - Aid in Lieu of Payments	400,000	(812)	399,188	262,418	136,771
Contracted Services (Between Home & School) - Vendors	1,260,604	(114,088)	1,146,516	1,146,516	-
Contracted Services (Other than Between Home & School)-Vendors	106,000	14,520	120,520	88,744	31,777
Contracted Services (Sp. Ed. Stds) - Vendors	83,115	(51,215)	31,900	12,946	18,954
Contracted Services (Regular Students) ESCs	180,500	100,000	280,500	246,632	33,868
Contracted Services (Special Ed. Students) ESCs	1,950,000	(72,628)	1,877,372	1,762,239	115,134
Misc. Purch. Serv. - Transportation	54,325	-	54,325	45,327	8,998
General Supplies	452,500	(54,100)	398,400	326,309	72,091
Miscellaneous Expenditures	94,900	14,100	109,000	98,182	10,818
Total Student Transportation Services	<u>7,377,565</u>	<u>366,990</u>	<u>7,744,555</u>	<u>7,154,736</u>	<u>589,819</u>

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

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Unallocated Benefits - Empl. Benefits					
Group Insurance	\$ 58,200	\$ -	\$ 58,200	\$ 48,011	\$ 10,189
Social Security Contributions	1,415,800	-	1,415,800	1,363,314	52,486
Other Retirement Contrib. - PERS	1,652,600	-	1,652,600	1,474,899	177,701
Unemployment Compensation	100,000	-	100,000	100,000	-
Workmen's Compensation	659,000	(20,247)	638,753	420,699	218,054
Health Benefits	15,527,799	(83,500)	15,444,299	14,213,987	1,230,312
Tuition Reimbursements	223,000	6,400	229,400	200,323	29,077
Other Employee Benefits	350,650	83,500	434,150	431,676	2,475
Unused Sick Payments to Terminated/Retired Staff	200,000	-	200,000	179,385	20,615
<b>Total Unallocated Benefits</b>	<b>20,187,049</b>	<b>(13,847)</b>	<b>20,173,202</b>	<b>18,332,294</b>	<b>1,840,908</b>
On-Behalf TPAF Pension Contrib. - Not Budgeted		-		7,956,074	(7,956,074)
On-Behalf Post Retirement Medical Contrib. - Not Budgeted				3,608,862	(3,608,862)
On-Behalf Long-Term Disability Insurance Contrib. - Not Budgeted				9,983	(9,983)
On-Behalf TPAF Soc. Sec. Contrib. - Not Budgeted		-		3,093,122	(3,093,122)
<b>Total Undistributed Expenditures</b>	<b>65,787,841</b>	<b>(49,686)</b>	<b>65,738,156</b>	<b>75,650,452</b>	<b>(9,912,296)</b>
<b>Total Expenditures - Current Expense</b>	<b>107,089,027</b>	<b>653,431</b>	<b>107,742,458</b>	<b>116,194,256</b>	<b>(8,451,799)</b>

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

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve	\$ 350	\$ -	\$ 350	\$ -	350
Equipment:					
Regular Programs - Instruction					
Grades 1-5		3,720	3,720	3,720	-
Grades 6-8		-	-	-	-
Grades 9-12	25,500	41,102	66,602	57,026	9,576
Multiple Disabilities		3,902	3,902	3,902	-
Support Service - Related & Extra.		20,227	20,227	20,227	-
School Admin	-	4,287	4,287	4,287	-
Administration Info. Technology	169,750	(73,530)	96,220	88,482	7,738
Required Maintenance for School Facilities	269,170	-	269,170	79,314	189,856
Custodial Services	17,600	-	17,600	-	17,600
Care and Upkeep of Grounds		6,444	6,444	6,444	-
Security	74,000	(30,987)	43,013	5,934	37,079
School Buses - Regular		196,456	196,456	134,784	61,672
Total Equipment	<u>556,020</u>	<u>171,621</u>	<u>727,641</u>	<u>404,120</u>	<u>323,521</u>
Facilities Acquis. & Constr. Services					
Contracted Construction Services	150,000	-	150,000	-	150,000
Assessment for Debt Service on SDA Funding	37,738	-	37,738	37,738	-
Total Facil. Acquis. & Constr. Serv.	<u>187,738</u>	<u>-</u>	<u>187,738</u>	<u>37,738</u>	<u>150,000</u>
Assets Acquired Under Capital Leases (non-budgeted)					
Copiers			-	109,790	(109,790)
Total Assets Acq. Under Capital Leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,790</u>	<u>(109,790)</u>
Total Capital Outlay	<u>744,108</u>	<u>171,621</u>	<u>915,729</u>	<u>551,648</u>	<u>364,081</u>

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

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Total Expenditures	\$ 107,833,135	\$ 825,052	\$ 108,658,187	\$ 116,745,904	\$ (8,087,718)
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,765,003)</u>	<u>(589,830)</u>	<u>(5,354,833)</u>	<u>3,634,857</u>	<u>8,989,690</u>
Other Financing Sources (Uses)					
Capital Reserve Transf. To Capital. Projects	(2,756,200)	-	(2,756,200)	(2,756,200)	-
Capital Leases Non-Budgeted			-	109,790	109,790
Lease Purchase Agreement - Buses, Computers & Teacher Laptops		536,101	536,101	598,000	61,899
Transfer of Funds to Charter School	<u>(1,512,242)</u>	<u>-</u>	<u>(1,512,242)</u>	<u>(1,342,778)</u>	<u>169,464</u>
Total Other Financing Sources (Uses)	<u>(4,268,442)</u>	<u>536,101</u>	<u>(3,732,341)</u>	<u>(3,391,188)</u>	<u>341,153</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	(9,033,445)	(53,729)	(9,087,174)	243,669	9,330,843
Fund Balances, July 1	<u>29,742,062</u>		<u>29,742,062</u>	<u>29,742,062</u>	<u>-</u>
<b>Fund Balances, June 30</b>	<b><u>\$ 20,708,617</u></b>	<b><u>\$ (53,729)</u></b>	<b><u>\$ 20,654,888</u></b>	<b><u>\$ 29,985,731</u></b>	<b><u>\$ 9,330,843</u></b>

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

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	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL</u>
<u>Recapitulation of Excess (Deficiency) of Revenues Under Expenditures:</u>					
<b>Recapitulation:</b>					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Years Expenditures				\$ 2,894,303	
Reserve for Excess Surplus				3,881,309	
Maintenance Reserve				4,095,762	
Capital Reserve				10,111,375	
Committed Fund Balance:					
Year-end Encumbrances				129,221	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				1,642,387	
Designated for Subsequent Year's Expenditures- Capital Reserve				2,835,600	
Unassigned Fund Balance				<u>4,395,774</u>	
<b>Fund Balance per Budgetary Basis (GAAP)</b>				<b>\$ <u>29,985,731</u></b>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				<u>(810,831)</u>	
<b>Fund Balance per Governmental Funds (GAAP)</b>				<b>\$ <u>29,174,900</u></b>	

Morris School District  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Revenue from Local Sources	\$ 132,000	\$ 240,637	\$ 372,637	\$ 279,602	\$ (93,035)
Total - Local Sources	132,000	240,637	372,637	279,602	(93,035)
State Sources:					
Nonpublic Aid	777,862	358,558	1,136,420	1,061,146	(75,274)
Preschool Education	234,300	927,795	1,162,095	1,026,450	(135,645)
Total - State Sources	1,012,162	1,286,353	2,298,515	2,087,596	(210,919)
Federal Sources:					
Title I Part A	549,481	42,042	591,523	580,945	(10,578)
Title I Part D		53,234	53,234	53,234	-
Title II	131,178	57,903	189,081	119,332	(69,749)
Title III	151,310	16,453	167,763	85,371	(82,392)
Title IV	5,542	30,040	35,582	11,181	(24,401)
Perkins Grant	30,349	4,694	35,043	30,449	(4,594)
I.D.E.A., Part B - Regular	1,502,185	150,952	1,653,137	1,602,731	(50,406)
I.D.E.A., Part B - Preschool		51,722	51,722	51,722	-
Total - Federal Sources	2,370,045	407,040	2,777,085	2,534,965	(242,120)
Total Revenues	3,514,207	1,934,030	5,448,237	4,902,163	(546,074)
<b>EXPENDITURES:</b>					
Instruction					
Salaries of Teachers	914,669	72,138	986,807	946,973	39,834
Salaries of Other Professional Staff	30,349	(25,215)	5,134		5,134
Other Salaries for Instruc.	6,600	161,856	168,456	168,456	-
Purchased Professional - Educational Services	458,461	56,313	514,774	470,321	44,453
Other Purchased Services (400-500 series)	1,502,185	(110,002)	1,392,183	1,386,076	6,107



Morris School District  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Instruction (cont'd)					
General Supplies	82,228	265,243	347,471	270,625	76,846
Textbooks	115,214	(9,001)	106,213	105,375	838
Other Objects	90	10,075	10,165	9,360	805
Total instruction	<u>3,109,796</u>	<u>421,407</u>	<u>3,531,203</u>	<u>3,357,186</u>	<u>174,017</u>
<b>EXPENDITURES (CONT'D):</b>					
Support Services					
Salaries of Teachers		28,925	28,925	28,925	-
Salaries of Supervisors of Instruc.		27,930	27,930	27,930	-
Salaries of Other Professional Staff		95,473	95,473	29,820	65,653
Salaries of Sect. and Clerical Assist.		5,000	5,000	912	4,088
Other Salaries		2,038	2,038		2,038
Personal Services - Employee Benefits		391,058	391,058	379,141	11,917
Purchased Professional - Educational Services	404,411	780,141	1,184,552	967,285	217,267
Other Purchased Professional Services		18,500	18,500	5,598	12,902
Travel		58,520	58,520	20,554	37,966
Other Purchased Services		5,989	5,989		5,989
Supplies & Materials		59,815	59,815	59,751	64
Total support services	<u>404,411</u>	<u>1,473,389</u>	<u>1,877,800</u>	<u>1,519,916</u>	<u>357,884</u>
Facilities acquisition and construction services:					
Instructional Equipment		19,142	19,142	19,142	-
Noninstructional Equipment		20,092	20,092	5,919	14,173
Total facilities acquisition and construction services	<u>-</u>	<u>39,234</u>	<u>39,234</u>	<u>25,061</u>	<u>14,173</u>
Total Expenditures	3,514,207	1,934,030	5,448,237	4,902,163	546,074
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

MORRIS 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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (C-series)	(C-1) \$ 120,380,761	(C-2) \$ 4,902,163
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. Net		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	(810,831)	
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	<u>2,391,410</u>	
<b>Total revenues as reported on the statement of revenues,          expenditures, and changes in fund balances - governmental          funds. (B-2)</b>	<b>(B-2) <u>121,961,340</u></b>	<b>(B-2) <u>4,902,163</u></b>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule includes( rounding differences)	(C-1) 116,745,904	(C-2) 4,902,163
Differences - budget to GAAP		
The district budgets for claims and compensated absences, only to the extent expected to be paid, rather than on the modified accrual basis.		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes. Net		
<b>Total expenditures as reported on the statement of revenues,          expenditures, and changes in fund balances - governmental funds</b>	<b>(B-2) \$ <u>116,745,904</u></b>	<b>(B-2) \$ <u>4,902,163</u></b>

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART III**

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

**SECTION – L**

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

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

Last 10 Fiscal Years\*

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's Proportion of the Net Pension Liability	0.163223%	0.156220%	0.151854%	0.150884%	0.146604%	0.140246%
District's Proportionate Share of the Net Pension Liability	\$ 31,195,109	\$ 29,248,653	\$ 34,088,177	\$ 44,687,450	\$ 34,127,005	\$ 27,613,727
District's Covered-Employee Payroll	\$ 9,844,505	\$ 10,045,414	\$ 10,250,422	\$ 9,879,763	\$ 9,994,439	\$ 10,039,977
District's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	316.88%	291.16%	332.55%	452.31%	341.46%	275.04%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (Local Share)	48.72%	52.08%	47.93%	40.14%	48.10%	53.60%

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

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

Last 10 Fiscal Years\*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually Required Contribution	\$ 1,229,850	\$ 1,287,855	\$ 1,305,537	\$ 1,347,305	\$ 1,378,853	\$ 1,401,308
Contribution in Relation to Contractually Required Contribution	<u>\$ (1,229,850)</u>	<u>\$ (1,287,855)</u>	<u>\$ (1,305,537)</u>	<u>\$ (1,347,305)</u>	<u>\$ (1,378,853)</u>	<u>\$ (1,401,308)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Proportionate Share of the Payroll	\$ 10,045,414	\$ 10,250,422	\$ 9,879,763	\$ 9,994,439	\$ 10,039,977	\$ 10,155,364
Contributions as a percentage of Covered Employee Payroll	12.24%	12.56%	13.21%	13.48%	13.73%	13.80%

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

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

Last 10 Fiscal Years\*

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Proportion of the Non-State Employer Group Net Pension Liability attributable to the District	0.408649%	0.399083%	0.393263%	0.379691%	0.384072%	0.392361%
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group	\$206,528,007	\$213,296,708	\$248,558,926	\$298,689,277	\$258,955,494	\$249,611,378
District's Covered-Employee Payroll	\$37,471,580	\$38,236,306	\$39,593,507	\$40,870,999	\$42,605,004	\$43,656,955
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group as a percentage of the District's Covered-Employee Payroll	551.16%	557.84%	627.78%	730.81%	607.81%	571.76%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (See Note Below)	33.76%	33.64%	28.71%	22.33%	25.41%	26.49%

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

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



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

**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION**  
**JUNE 30, 2019**

**NOTE 1. CHANGES IN ASSUMPTIONS**

The following information is as abstracted from the State of New Jersey, Division of Pension and Benefits, Financial Statements and Supplementary Schedules report as of June 30, 2018, dated April 16, 2019. This information pertains to the RSI schedules of changes in net pension liability contained in that report.

**PERS**

Changes in benefit terms: None

Changes in assumptions:

For 2018, the discount rate changed to 5.66% and the long-term expected rate of return remained at the prior-year rate of 7.0%. Demographic assumptions were unchanged.

For 2017, the discount rate changed to 5.00%, the long-term expected rate of return changed to 7.00%. Demographic assumptions were unchanged.

For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%, demographic assumptions were revised in accordance with the results of the July 1, 2011 – June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

For 2015, the discount rate changed to 4.90% and the long-term expected rate of return remained unchanged at 7.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually.

For 2014, the discount rate was 5.39% and the long-term expected rate of return was 7.90%.

**TPAF**

Changes in benefit terms: None

Changes in assumptions:

For 2018, the discount rate changed to 4.86%. There were no changes to the long-term expected rate of return and no changes to demographic assumptions.

For 2017, the discount rate was changed to 4.25%, and the long-term expected rate of return changed to 7.00%. There were no changes to demographic assumptions.

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

**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION  
JUNE 30, 2019**

**NOTE 1. CHANGES IN BENEFITS AND ASSUMPTIONS (Cont'd.)**

**TPAF (Cont'd.)**

For 2016, the discount rate change to 3.22%, and the long-term expected rate of return changed to 7.65%. Further, the demographic assumptions were revised to reflect those recommended on the basis of the July 1, 2012-June 30, 2015 experience study.

For 2015, the discount rate changed to 4.13%. There were no changes to the long-term expected rate of return and no changes to demographic assumptions.

For 2014, the discount rate was 4.68% and the long-term expected rate of return was 7.90%.

**SCHEDULES RELATED TO ACCOUNTING AND  
REPORTING FOR OPEB (GASB 75) (NEW)**

**SECTION – M**

**(Section numbering as per N.J. Department of Education 2017-2018  
Audit Program)**

MORRIS SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S SHARE OF THE NET OPEB LIABILITY  
STATE HEALTH BENEFITS LOCAL EDUCATION RETIRED EMPLOYEES PLAN

Last 10 Fiscal Years\*

	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's Proportion of the Net OPEB Liability	0.3751982%	0.3751536%	0.3788959%
District's Proportionate Share of the Net OPEB Liability	\$ 216,983,826	\$ 201,231,802	\$ 174,712,060
District's Covered Employee Payroll	\$ 50,750,762	\$ 52,599,443	\$ 53,696,932
District's Proportionate Share of the Net OPEB Liability as a percentage of its Covered Employee Payroll	427.55%	382.57%	325.37%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%

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

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

**NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION**  
**JUNE 30, 2019**

**NOTE 1. SPECIAL FUNDING SITUATION**

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make contributions to OPEB for qualified retired SHBLEREP participants. Accordingly, proportionate share information of the Net OPEB Liability is not reflected in the District's financial statements.

**NOTE 2. CHANGES IN ASSUMPTIONS**

For 2018, the discount rate changed to 3.87% from 3.58% in 2017. For pre-Medicare PPO and HMO medical benefits, the initial trend rate changed to 5.8% from 5.9%. For prescription drug benefits, the initial trend rate changed to 8.0% from 10.5%. Demographic assumptions remained unchanged and are consistent with the assumptions used in the pension plan valuations.

For 2017, the discount rate changed to 3.58% from 2.85%. Demographic assumptions remained unchanged and are consistent with the assumptions used in the pension plan valuations.

**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL LEVEL SCHEDULES**

**SECTION – D**

**SPECIAL REVENUE FUND**

**SECTION – E**



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

	Total Brought Forward (Ex. E-1a)	Title I Part A 2018-2019	I.D.E.A. Part B Basic Regular 2018-2019	TITLE I PART D 2018-2019	TITLE III REGULAR 2018-2019	Totals 2019
<b>REVENUES:</b>						
State Sources	\$ 2,087,596					\$ 2,087,596
Federal Sources	212,684	580,945	1,602,731	53,234	85,370	2,534,965
Local Sources	279,602					279,602
<b>Total Revenues</b>	<b>2,579,882</b>	<b>580,945</b>	<b>1,602,731</b>	<b>53,234</b>	<b>85,370</b>	<b>4,902,163</b>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Salaries of Teachers	371,193	437,457	64,000	49,451	24,872	946,973
Salaries of Other Professional Staff						
Other Salaries for Instruc.	168,456					168,456
Purch. Prof. - Educ. Services	470,321					470,321
Other Purchased Sevices (Incl. Tuition)	56,140		1,329,936			1,386,076
General Supplies	238,735	2,113	9,705		20,072	270,625
Textbooks	105,375					105,375
Other Objects	9,360					9,360
<b>Total Instruction</b>	<b>1,419,579</b>	<b>439,570</b>	<b>1,403,641</b>	<b>49,451</b>	<b>44,944</b>	<b>3,357,186</b>
<b>Support Services:</b>						
Salaries of Teachers	28,925					28,925
Salaries of Supervisors of Instruc.	27,930					27,930
Salaries of Program Directors						
Salaries of Other Prof. Staff					29,820	29,820
Salaries of Sec. & Clerical Asst.	912					912
Other Salaries						
Personal Services - Empl. Benefits	203,968	141,375	22,496	3,783	7,519	379,141
Purch. Prof. - Educ. Services	793,202		170,996		3,087	967,285
Other Purch. Prof. Services			5,598			5,598
Purch. Technical Services						
Tuition						
Transportation						
Travel	20,554					20,554
Other Purchased Services						
Supplies and Materials	59,751					59,751
<b>Total Support Services</b>	<b>1,135,242</b>	<b>141,375</b>	<b>199,090</b>	<b>3,783</b>	<b>40,426</b>	<b>1,519,916</b>
<b>Facilities Acquis. &amp; Const. Serv.:</b>						
Instructional Equipment	19,142					19,142
Noninstructional Equipment	5,919					5,919
<b>Total Facil. Acquis. &amp; Const. Serv.</b>	<b>25,061</b>					<b>25,061</b>
<b>Total Expenditures</b>	<b>\$ 2,579,882</b>	<b>\$ 580,945</b>	<b>\$ 1,602,731</b>	<b>\$ 53,234</b>	<b>\$ 85,370</b>	<b>\$ 4,902,163</b>

MORRIS SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Total Brought Forward (Ex. E-1b)	IDEA PRESCHOOL 2018-2019	TITLE II 2018-2019	TITLE IV 2018-2019	CARL PERKINS	Total Carried Forward
<b>REVENUES:</b>						
State Sources	\$ 2,087,596		\$	\$	\$	\$ 2,087,596
Federal Sources		51,722	119,332	11,181	30,449	212,684
Local Sources	279,602					279,602
<b>Total Revenues</b>	<b>2,367,198</b>	<b>51,722</b>	<b>119,332</b>	<b>11,181</b>	<b>30,449</b>	<b>2,579,882</b>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	367,993			1,600	1,600	371,193
Salaries of Other Professional Staff						
Other Salaries for Instruc.	168,456					168,456
Purch. Prof. - Educ. Services	469,221				1,100	470,321
Other Purchased Services (Incl. Tuition)	4,418	51,722				56,140
General Supplies	224,149				14,586	238,735
Textbooks	105,375					105,375
Other Objects	9,360					9,360
<b>Total Instruction</b>	<b>1,348,971</b>	<b>51,722</b>		<b>1,600</b>	<b>17,286</b>	<b>1,419,579</b>
Support Services:						
Salaries of Teachers			28,925			28,925
Salaries of Other Prof. Staff						
Salaries of Sec. & Clerical Asst.	912					912
Other Salaries						
Personal Services - Empl. Benefits	201,511		2,213	122	122	203,968
Purch. Prof. - Educ. Services	726,112		59,665	7,425		793,202
Other Purch. Prof. Services						
Purch. Technical Services						
Tuition						
Transportation						
Travel	89		18,430	2,034		20,554
Other Purch. Services						
Supplies and Materials	49,652		10,099			59,751
Miscellaneous Expenditures						
<b>Total Support Services</b>	<b>1,006,207</b>		<b>119,332</b>	<b>9,581</b>	<b>122</b>	<b>1,135,242</b>
Facilities Acquis. & Const. Serv.						
Instructional Equipment	6,101				13,041	19,142
Noninstructional Equipment	5,919					5,919
<b>Total Facil. Acquis. &amp; Const. Serv.</b>	<b>12,020</b>				<b>13,041</b>	<b>25,061</b>
<b>Total Expenditures</b>	<b>\$ 2,367,198</b>	<b>\$ 51,722</b>	<b>\$ 119,332</b>	<b>\$ 11,181</b>	<b>\$ 30,449</b>	<b>\$ 2,579,882</b>

MORRIS SCHOOL DISTRICT  
 SPECIAL REVENUE FUND  
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Total Brought Forward (Ex. E-1c)	N.J. Auxiliary Services Ch. 192			N.J. Nonpublic Handicapped Services Ch. 193				Nonpublic Nursing	Nonpublic Technology	Nonpublic Textbooks	Nonpublic Security	Total Carried Forward
		Home Instruction	ESL	Compensatory Education	Supplemental Instruction	Examination & Classification	Corrective Speech						
<b>REVENUES:</b>													
State Sources	\$ 1,026,450	\$ 8,009	\$ 3,968	\$ 60,912	\$ 59,079	\$ 80,101	\$ 43,212	\$ 248,417	\$ 91,842	\$ 105,375	\$ 360,232	\$ 2,087,596	
Federal Sources													
Local Sources	279,602											279,602	
<b>Total Revenues</b>	<b>1,306,052</b>	<b>8,009</b>	<b>3,968</b>	<b>60,912</b>	<b>59,079</b>	<b>80,101</b>	<b>43,212</b>	<b>248,417</b>	<b>91,842</b>	<b>105,375</b>	<b>360,232</b>	<b>2,367,198</b>	
<b>EXPENDITURES:</b>													
<b>Instruction:</b>													
Salaries of Teachers	367,993											367,993	
Salaries of Other Professional Staff													
Other Salaries for Instruc.	168,456											168,456	
Purch. Prof. - Educ. Services	37,933	8,009	3,968		59,079						360,232	469,221	
Other Purchased Sevices (Incl. Tuition)	4,418											4,418	
General Supplies	132,306								91,842			224,149	
Textbooks										105,375		105,375	
Other Objects	9,360											9,360	
<b>Total Instruction</b>	<b>720,466</b>	<b>8,009</b>	<b>3,968</b>		<b>59,079</b>				<b>91,842</b>	<b>105,375</b>	<b>360,232</b>	<b>1,348,971</b>	
<b>Support Services:</b>													
Salaries of Teachers													
Salaries of Other Prof. Staff													
Personal Services - Empl. Benefits	201,511											201,511	
Purch. Prof. - Educ. Services	293,471			60,912		80,101	43,212	248,417				726,112	
Other Purch. Prof. Services													
Purch. Technical Services													
Tuition													
Transportation													
Travel	89											89	
Supplies and Materials	49,652											49,652	
Miscellaneous Expenditures													
<b>Total Support Services</b>	<b>573,565</b>			<b>60,912</b>		<b>80,101</b>	<b>43,212</b>	<b>248,417</b>				<b>1,006,207</b>	
<b>Facilities Acquis. &amp; Const. Serv.:</b>													
Instructional Equipment	6,101											6,101	
Noninstructional Equipment	5,919											5,919	
<b>Total Facil. Acquis. &amp; Const. Serv.</b>	<b>12,020</b>											<b>12,020</b>	
<b>Total Expenditures</b>	<b>\$ 1,306,052</b>	<b>\$ 8,009</b>	<b>\$ 3,968</b>	<b>\$ 60,912</b>	<b>\$ 59,079</b>	<b>\$ 80,101</b>	<b>\$ 43,212</b>	<b>\$ 248,417</b>	<b>\$ 91,842</b>	<b>\$ 105,375</b>	<b>\$ 360,232</b>	<b>\$ 2,367,198</b>	

MORRIS SCHOOL DISTRICT  
 SPECIAL REVENUE FUND  
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONTD)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	SANTORA FOUNDATION	NJSBAIG SAFETY GRANT	HSA CLUBS	PRESCHOOL EDUCATION	MORRIS EDUCATION FOUNDATION	MISCELLANEOUS GRANTS	Total Carried Forward
<u>REVENUES:</u>							
State Sources	\$	\$	\$	\$ 1,026,450	\$	\$	\$ 1,026,450
Federal Sources							
Local Sources	1,002	50,900	51,394		169,047	7,260	279,602
Total Revenues	1,002	50,900	51,394	1,026,450	169,047	7,260	1,306,052
<u>EXPENDITURES:</u>							
Instruction:							
Salaries of Teachers			47,512	316,381	4,100		367,993
Salaries of Other Professional Staff							
Other Salaries for Instruc.				168,456			168,456
Purch. Prof. - Educ. Services					37,933		37,933
Other Purchased Sevices (Incl. Tuition)					525	3,893	4,418
General Supplies				20,480	108,460	3,367	132,306
Textbooks							
Other Objects					9,360		9,360
Total Instruction				505,317	160,378	7,260	720,466
Support Services:							
Salaries of Teachers							
Salaries of Supervisors of Instruc.				27,930			27,930
Salaries of Program Directors							
Salaries of Other Prof. Staff							
Salaries of Sec. & Clerical Asst.				912			912
Other Salaries							
Personal Services - Empl. Benefits			3,882	197,629			201,511
Purch. Prof. - Educ. Services				293,471			293,471
Other Purch. Prof. Services							
Purch. Technical Services							
Tuition							
Transportation							
Travel				89			89
Supplies and Materials	1,002	48,650					49,652
Miscellaneous Expenditures							
Total Support Services	1,002	48,650	3,882	520,031			573,565
Facilities Acquis. & Const. Serv.							
Instructional Equipment				1,101	5,000		6,101
Noninstructional Equipment		2,250			3,669		5,919
Total Facil. Acquis. & Const. Serv.		2,250		1,101	8,669		12,020
Total Expenditures	\$ 1,002	\$ 50,900	\$ 3,882	\$ 1,026,450	\$ 169,047	\$ 7,260	\$ 1,306,052

MORRIS SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID  
STATEMENT OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>EXPENDITURES</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Instruction:			
Salaries of Teachers	\$ 342,077	\$ 316,381	\$ 25,696
Other Salaries for Instruc.	168,456	168,456	-
General Supplies	28,309	20,480	7,828
Other Objects	90	-	90
	<u>538,932</u>	<u>505,317</u>	<u>33,614</u>
Total Instruction			
Support Services:			
Salaries of Supervisors of Instruction	27,930	27,930	-
Salaries of Secr. and Clerical Assistants	5,000	912	4,088
Personnel Services - Employee Benefits	197,629	197,629	-
Purch. Prof. - Educ. Services	18,500	5,405	13,095
Purch. Prof. - Educ. Services - Contracted Pre-K	688	-	688
Purch. Prof. - Educ. Services - Head Start	369,315	288,066	81,249
Travel	3,000	89	2,911
	<u>622,062</u>	<u>520,031</u>	<u>102,031</u>
Total Support Services			
Facilities Acquis. & Const. Serv.:			
Instructional Equipment	1,101	1,101	-
	<u>1,101</u>	<u>1,101</u>	<u>-</u>
Total Facil. Acquis. & Const. Serv.			
Total Expenditures	<u>\$ 1,162,095</u>	<u>\$ 1,026,450</u>	<u>\$ 135,645</u>
Total Revised 2018-19 Preschool Education Aid Allocation			\$ 1,162,095
Actual Preschool Aid Carryover (June 30, 2018)			<u>-</u>
			Total Preschool Education Funds Available 2017-18 Budget
			1,162,095
Less: 2018-19 Budgeted Preschool Education Aid (Incl. Prior Year Budgeted Carryover)			<u>1,162,095</u>
Available & Unbudgeted Preschool Education Funds as of June 30, 2019			-
Add: June 30, 2019 Unexpended Preschool Education Aid			<u>135,645</u>
2018-2019 Actual Carryover - Preschool Education Aid			<u>135,645</u>
2018-19 Preschool Ed Aid Carryover Budgeted in 2019-2020			<u>\$ 135,645</u>

**CAPITAL PROJECTS FUND**

**SECTION – F**

MORRIS SCHOOL DISTRICT  
 SUMMARY STATEMENT OF PROJECT EXPENDITURES  
 CAPITAL PROJECTS FUND  
FISCAL YEAR ENDED JUNE 30, 2019

<u>PROJECT TITLE / ISSUE</u>	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>		<u>UNEXPENDED BALANCE</u>
		<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>	
<u>FY 2014</u>				
MHS Expansion	\$ 13,189,854	\$ 10,991,286	\$ 1,827,331	\$ 371,237
<u>FY 2017</u>				
MHS Grandstands	2,258,786	2,233,790	24,996	-
MHS Parking Lot	718,373	670,225	48,148	-
<u>FY 2019</u>				
TJ and MHS Toilet Renovation	232,000		69,411	162,589
AV Boiler	708,000		567,431	140,569
Trasportation Building	65,905		64,962	943
<b>Totals</b>	<b>\$ 17,172,918</b>	<b>\$ 13,895,301</b>	<b>\$ 2,602,279</b>	<b>\$ 675,338</b>

Analysis of Balance(s) - June 30, 2019:

2018/2019 Expenditures \$ 2,602,279

MORRIS SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCE - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019

Revenues and Other Financing Sources	
State Sources - SCC Grant	\$ 2,656
Bond proceeds and transfers	
Contribution from private source	
Transfer from capital reserve	2,756,200
Transfer from capital outlay	
Total revenues	<u>2,758,856</u>
Expenditures and Other Financing Uses	
Purchased professional and technical services	231,314
Land and Improvements	
Construction services	2,370,965
Equipment purchases	
Total expenditures	<u>2,602,279</u>
Excess (deficiency) of revenues over (under) expenditures	156,577
Fund balance - beginning	518,761
<b>Fund balance - ending</b>	<b>\$ <u>675,338</u></b>



MORRIS SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
 MHS EXPANSION  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve	10,800,203	1,784,854	12,585,057	12,585,057
Transfer from capital outlay	604,797		604,797	604,797
<b>Total revenues</b>	<u>11,405,000</u>	<u>1,784,854</u>	<u>13,189,854</u>	<u>13,189,854</u>
 <b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	1,407,796	105,424	1,513,220	1,590,000
Land and Improvements			-	-
Construction services	9,583,490	1,721,907	11,305,397	11,599,854
Equipment purchases			-	-
Transfer to capital reserve				
<b>Total expenditures</b>	<u>10,991,286</u>	<u>1,827,331</u>	<u>12,818,617</u>	<u>13,189,854</u>
 <b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ 413,714</u>	<u>\$ (42,477)</u>	<u>\$ 371,237</u>	<u>\$ -</u>
 <b>Additional project information:</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$20,000			
Additional Authorized Cost	\$13,169,854			
Revised Authorized Cost	\$13,189,854			
 Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	97%			
Original target completion date	Sep-13			
Revised target completions date	Sep-18			

MORRIS SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
MHS GRANDSTAND  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$	\$	\$ -	\$
Bond proceeds and transfers			-	
Contribution from private source			-	
Transfer from capital reserve	2,271,157	(12,371)	2,258,786	2,258,786
Transfer from capital outlay			-	
<b>Total revenues</b>	<u>2,271,157</u>	<u>(12,371)</u>	<u>2,258,786</u>	<u>2,258,786</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	215,016	3,257	218,273	226,000
Land and Improvements			-	
Construction services	2,018,774	21,739	2,040,513	2,032,786
Equipment purchases			-	
Transfer to capital reserve			-	
<b>Total expenditures</b>	<u>2,233,790</u>	<u>24,996</u>	<u>2,258,786</u>	<u>2,258,786</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ 37,367</u>	<u>\$ (37,367)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number		N/A		
Grant Date		N/A		
Bond Authorization Date		N/A		
Bonds Authorized		N/A		
Bonds Issued		N/A		
Original Authorized Cost		\$2,261,000		
Additional Authorized Cost		(\$2,214)		
Revised Authorized Cost		\$2,258,786		
Percentage Increase over Original Authorized Cost		N/A		
Percentage completion		100%		
Original target completion date		Aug-17		
Revised target completions date		Dec-18		

MORRIS SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
 MHS PARKING LOT  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>		<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>					
State Sources - SCC Grant	\$	\$	\$	-	\$
Bond proceeds and transfers				-	
Contribution from private source				-	
Transfer from capital reserve	737,905	(19,532)	718,373		718,373
Transfer from capital outlay				-	
<b>Total revenues</b>	<b>737,905</b>	<b>(19,532)</b>	<b>718,373</b>		<b>718,373</b>
<b>Expenditures and Other Financing Uses</b>					
Purchased professional and technical services	79,855	2,484	82,339		70,500
Land and Improvements				-	
Construction services	590,370	45,664	636,034		647,873
Equipment purchases				-	
Transfer to capital reserve				-	
<b>Total expenditures</b>	<b>670,225</b>	<b>48,148</b>	<b>718,373</b>		<b>718,373</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 67,680</b>	<b>\$ (67,680)</b>	<b>\$ -</b>		<b>\$ -</b>
<b>Additional project information:</b>					
Project Number	N/A				
Grant Date	N/A				
Bond Authorization Date	N/A				
Bonds Authorized	N/A				
Bonds Issued	N/A				
Original Authorized Cost	\$630,000				
Additional Authorized Cost	\$88,373				
Revised Authorized Cost	\$718,373				
Percentage Increase over Original Authorized Cost	N/A				
Percentage completion	100%				
Original target completion date	Aug-13				
Revised target completions date	Dec-14				

MORRIS SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
 THOMAS JEFFERSON AND MHS TOILET RENOVATION  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ -	\$ -	\$ -	\$ -
Bond proceeds and transfers			-	
Contribution from private source			-	
Transfer from capital reserve		232,000	232,000	232,000
Transfer from capital outlay			-	
Total revenues	-	232,000	232,000	232,000
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services		69,411	69,411	83,266
Land and Improvements			-	-
Construction services			-	148,734
Equipment purchases			-	-
Transfer to capital reserve			-	-
Total expenditures	-	69,411	69,411	232,000
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ -	\$ 162,589	\$ 162,589	\$ -
<b>Additional project information:</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$232,000			
Additional Authorized Cost	\$0			
Revised Authorized Cost	\$232,000			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	30%			
Original target completion date	Aug-17			
Revised target completions date	Dec-18			

MORRIS SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
 ALFRED VAIL BOILER  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$	\$	\$ -	\$
Bond proceeds and transfers			-	
Contribution from private source			-	
Transfer from capital reserve		708,000	708,000	708,000
Transfer from capital outlay			-	
<b>Total revenues</b>	<u>-</u>	<u>708,000</u>	<u>708,000</u>	<u>708,000</u>
 <b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services		47,728	47,728	63,662
Land and Improvements			-	-
Construction services		519,703	519,703	644,338
Equipment purchases			-	-
Transfer to capital reserve			-	-
<b>Total expenditures</b>	<u>-</u>	<u>567,431</u>	<u>567,431</u>	<u>708,000</u>
 <b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 140,569</u>	<u>\$ 140,569</u>	<u>\$ -</u>
 <b>Additional project information:</b>				
Project Number		N/A		
Grant Date		N/A		
Bond Authorization Date		N/A		
Bonds Authorized		N/A		
Bonds Issued		N/A		
Original Authorized Cost		\$708,000		
Additional Authorized Cost		\$0		
Revised Authorized Cost		\$708,000		
 Percentage Increase over Original Authorized Cost		N/A		
Percentage completion		80%		
Original target completion date		Aug-17		
Revised target completions date		Dec-18		

MORRIS SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
 TRANSPORTATION BUILDING  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers			-	
Contribution from private source			-	
Transfer from capital reserve		65,905	65,905	151,000
Transfer from capital outlay			-	
Total revenues	-	65,905	65,905	151,000
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services		3,010	3,010	12,000
Land and Improvements			-	-
Construction services		61,952	61,952	139,000
Equipment purchases			-	-
Transfer to capital reserve			-	-
Total expenditures	-	64,962	64,962	151,000
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ -	\$ 943	\$ 943	\$ -

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$151,000
Additional Authorized Cost	\$0
Revised Authorized Cost	\$151,000
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	43%
Original target completion date	Aug-17
Revised target completions date	Dec-18

**PROPRIETARY FUNDS**

**SECTION – G**

**ENTERPRISE FUND**



MORRIS SCHOOL DISTRICT  
COMBINING STATEMENT OF NET POSITION  
ENTERPRISE FUND  
AS OF JUNE 30, 2019

	<u>FOOD SERVICE</u>	<u>COMMUNITY SCHOOL</u>	<u>TOTALS</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,641	\$ 1,087,579	\$ 1,089,220
Accounts Receivable:			
State	3,602		3,602
Federal	216,531		216,531
Other	29,372	40,334	69,706
Prepaid Expenses		33,403	33,403
Inventories	20,230		20,230
<b>Total Current Assets</b>	<u>271,376</u>	<u>1,161,316</u>	<u>1,432,692</u>
<b>Noncurrent Assets:</b>			
<b>Fixed Assets:</b>			
Equipment	733,144	16,528	749,672
Accumulated Depreciation	<u>(528,707)</u>	<u>(13,166)</u>	<u>(541,873)</u>
<b>Total Noncurrent Assets</b>	<u>204,437</u>	<u>3,362</u>	<u>207,799</u>
<b>Total Assets</b>	<u>\$ 475,813</u>	<u>\$ 1,164,678</u>	<u>\$ 1,640,491</u>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ 119,443	\$ 35,834	\$ 155,277
Unearned Revenue	22,094	482,866	504,960
Interfunds Payable	67,171	13,090	80,261
<b>Total Current Liabilities</b>	<u>208,708</u>	<u>531,790</u>	<u>740,498</u>
<b>Noncurrent Liabilities:</b>			
Compensated Absences Payable		18,818	18,818
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>18,818</u>	<u>18,818</u>
<b>Total Liabilities</b>	<u>208,708</u>	<u>550,608</u>	<u>759,316</u>
<b>Net Position</b>			
Net Investment in Capital Assets	204,437	3,362	207,799
Unrestricted (Deficit)	62,668	610,708	673,376
<b>Total Net Position</b>	<u>\$ 267,105</u>	<u>\$ 614,070</u>	<u>\$ 881,175</u>

MORRIS SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN NET POSITION  
 ENTERPRISE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>FOOD SERVICE</u>	<u>COMMUNITY SCHOOL</u>	<u>TOTALS</u>
Operating Revenues:			
Charges for Daily Services:			
Daily Sales - Reimbursable Programs	\$ 561,984	\$	\$ 561,984
Daily Sales - Non-Reimbursable Programs	50,964		50,964
Total - Daily Sales-Reimbursable Programs	<u>612,948</u>		<u>612,948</u>
Program Fees		1,709,648	1,709,648
Total Operating Revenues	<u>612,948</u>	<u>1,709,648</u>	<u>2,322,596</u>
Operating Expenses:			
Salaries	49,535	924,031	973,566
Employee Benefits	27,699	177,499	205,198
Purchased Professional Services	843,531	98,034	941,565
Other Purchased Services	33,509	47,354	80,863
Supplies and Materials	4,706	96,132	100,838
Depreciation	16,920	875	17,795
Rent		100,550	100,550
Other Expenses	62,960	131,889	194,849
Cost of sales - program	673,842		673,842
Cost of sales - nonprogram	16,801		16,801
Total Operating Expenses	<u>1,729,502</u>	<u>1,576,364</u>	<u>3,305,866</u>
Operating Income (Loss)	<u>(1,116,554)</u>	<u>133,284</u>	<u>(983,270)</u>
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	17,326		17,326
Federal Sources:			
National School Lunch Program	766,344		766,344
National School Breakfast Program	250,646		250,646
Food Distribution Program	138,526		138,526
Interest Revenue	155	1,712	1,867
Total Non-Operating Revenues	<u>1,172,998</u>	<u>1,712</u>	<u>1,174,710</u>
Change in Net Position	56,443	134,996	191,439
Total Net Position Beginning	<u>210,662</u>	<u>479,074</u>	<u>689,736</u>
<b>Total Net Position Ending</b>	<b><u>\$ 267,105</u></b>	<b><u>\$ 614,070</u></b>	<b><u>\$ 881,175</u></b>

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

	FOOD SERVICE	COMMUNITY SCHOOL	TOTALS
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$ 604,083	\$ 1,679,170	\$ 2,283,253
Cash Payments to Suppliers for Goods and Services	(1,568,496)	(493,699)	(2,062,195)
Cash Payments for Employee Benefits		(182,494)	(182,494)
Cash Payments to Employees for Services		(924,031)	(924,031)
Net Cash Provided by Operating Activities	<u>(964,413)</u>	<u>78,946</u>	<u>(885,467)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Cash Received from State and Federal Sources	<u>1,016,416</u>		<u>1,016,416</u>
Net Cash Provided by Non-Capital Financing Activities	<u>1,016,416</u>	-	<u>1,016,416</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Purchases of Capital Assets	<u>(51,743)</u>		<u>(51,743)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(51,743)</u>	-	<u>(51,743)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on Deposits	<u>155</u>	<u>1,712</u>	<u>1,867</u>
Net Cash Provided by Investing Activities	<u>155</u>	<u>1,712</u>	<u>1,867</u>
Net Increase in Cash and Cash Equivalents	415	80,658	81,073
Cash and Cash Equivalents at Beginning of Year	<u>1,226</u>	<u>1,006,921</u>	<u>1,008,147</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,641</u>	<u>\$ 1,087,579</u>	<u>\$ 1,089,220</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income/(Loss)	\$ (1,116,554)	\$ 133,284	\$ (983,270)
Adjustments to Reconcile Operating Income to Net cash Provided by Operating Income:			
Depreciation Expense	16,920	875	17,795
USDA Commodities	138,526		138,526
Changes in Assets and Liabilities			
(Increase) Decrease in Prepaid Expenses		8,249	8,249
(Increase) Decrease in Accounts Receivable - Net	(8,866)	(13,905)	(22,771)
(Increase) Decrease in Inventory	(806)		(806)
(Increase) Decrease in Interfunds Receivable		11,575	11,575
Increase (Decrease) in Interfunds Payable	8,604	13,090	21,694
Increase (Decrease) in Compensated Absences		(4,995)	(4,995)
Increase (Decrease) in Accounts Payable	1,006	(52,654)	(51,648)
Increase (Decrease) in Unearned Revenue	(3,243)	(16,573)	(19,816)
Net Cash Provided by Operating Activities	<u>\$ (964,413)</u>	<u>\$ 78,946</u>	<u>\$ (885,467)</u>

**INTERNAL SERVICE FUND**

**FIDUCIARY FUNDS**

**SECTION - H**

MORRIS SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUND  
FOR YEAR ENDED JUNE 30, 2019

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	<u>TRUST FUND</u>		<u>AGENCY FUND</u>		
	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	<u>PRIVATE PURPOSE SCHOLARSHIP</u>	<u>STUDENT ACTIVITY</u>	<u>PAYROLL</u>	<u>TOTALS</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 2,105,155	\$ 111,918	\$ 178,756	\$ 603,052	\$ 2,998,881
Total Assets	<u>\$ 2,105,155</u>	<u>\$ 111,918</u>	<u>\$ 178,756</u>	<u>\$ 603,052</u>	<u>\$ 2,998,881</u>
<u>LIABILITIES AND NET POSITION</u>					
Liabilities:					
Accounts Payable	\$ 10,238	\$	\$	\$	\$ 10,238
Payroll Deductions and Withholdings				603,052	603,052
Due to Student Groups			178,756		178,756
Total Liabilities	<u>10,238</u>	<u>-</u>	<u>\$ 178,756</u>	<u>\$ 603,052</u>	<u>\$ 792,046</u>
Net Position:					
Held in trust for unemployment claims and other purposes	2,094,916				2,094,916
Reserved for Scholarships		111,918			111,918
Total Net Position	<u>\$ 2,094,916</u>	<u>\$ 111,918</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,206,834</u>

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

	<u>TRUST FUND</u>	
	<u>UNEMPLOYMENT COMPENSATION</u>	<u>PRIVATE PURPOSE SCHOLARSHIP</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 96,796	
Other		\$ 11,182
Total Contributions	<u>96,796</u>	<u>11,182</u>
Investment Earnings:		
Interest	4,674	169
Total investment earnings	<u>4,674</u>	<u>169</u>
Total Additions	<u>101,470</u>	<u>11,351</u>
DEDUCTIONS		
Unemployment Claims	91,712	
Scholarships Awarded		16,500
Total Deductions	<u>91,712</u>	<u>16,500</u>
Change in Net Position	<u>9,758</u>	<u>(5,149)</u>
Net Position - beginning of the year	<u>2,085,158</u>	<u>117,067</u>
Net Position - end of the year	<u>\$ 2,094,916</u>	<u>\$ 111,918</u>

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

<u>ELEMENTARY SCHOOLS:</u>	<u>BALANCE JUNE 30, 2018</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE JUNE 30, 2019</u>
Thomas Jefferson	\$ 1,722	\$ 2,559	\$ 2,190	\$ 2,091
Woodland	1,267	2,512	2,853	926
Sussex Ave.	310	1,919	2,140	89
Alfred Vail	344	3,688	3,482	550
Hillcrest	837	2,137	2,455	519
Normandy Park	2,208	5,420	5,429	2,199
Alexander Hamilton	3,695	3,457	3,438	3,714
Coins for a Cause	131			131
Total Elementary Schools	<u>10,514</u>	<u>21,692</u>	<u>21,987</u>	<u>10,219</u>
<u>MIDDLE SCHOOLS:</u>				
Frelinghuysen MS	<u>27,637</u>	<u>86,332</u>	<u>80,971</u>	<u>32,998</u>
<u>HIGH SCHOOLS:</u>				
Morristown High School	<u>97,861</u>	<u>305,014</u>	<u>267,336</u>	<u>135,539</u>
<b>Total All Schools</b>	<b><u>\$ 136,012</u></b>	<b><u>\$ 413,038</u></b>	<b><u>\$ 370,294</u></b>	<b><u>\$ 178,756</u></b>



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

	<u>BALANCE</u> JUNE 30, 2018	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> JUNE 30, 2019
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 573,793	\$ 75,688,595	\$ 75,659,336	\$ 603,052
<b>Total Assets</b>	<b>\$ 573,793</b>	<b>\$ 75,688,595</b>	<b>\$ 75,659,336</b>	<b>\$ 603,052</b>
<u>LIABILITIES</u>				
Payroll Deductions and Withholdings	\$ 573,793	\$ 75,688,595	75,659,336	\$ 603,052
<b>Total Liabilities</b>	<b>\$ 573,793</b>	<b>\$ 75,688,595</b>	<b>\$ 75,659,336</b>	<b>\$ 603,052</b>

**LONG-TERM DEBT**

**SECTION - I**

MORRIS SCHOOL DISTRICT  
 SCHEDULE OF SERIAL BONDS  
 LONG-TERM DEBT  
JUNE 30, 2019

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2018</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2019</u>
			<u>DATE</u>	<u>AMOUNT</u>				
School Refunding Bonds - Series 2007	11/14/07	\$ 6,820,000				\$ <u>675,000</u>	<u>675,000</u>	\$ <u>-</u>
<b>Total</b>						<b>\$ <u>675,000</u></b>	<b>\$ <u>675,000</u></b>	<b>\$ <u>-</u></b>

MORRIS SCHOOL DISTRICT  
 STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES  
 LONG-TERM DEBT  
JUNE 30, 2019

PURPOSE	DATE OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL LEASE		INTEREST RATE	BALANCE	ADDITIONS	RETIRED	BALANCE
			PRINCIPAL	INTEREST		JUNE 30, 2018			JUNE 30, 2019
Various Equipment	09/01/13	5 Years	\$ 62,985	\$ 10,095	5.340%	\$ 2,100	\$	\$ 2,100	\$ -
Various Equipment	09/01/14	5 Years	73,744	9,551	4.900%	17,207		14,749	2,458
Various Equipment	07/01/15	5 Years	58,872	7,126	4.590%	24,530		11,774	12,756
Copy Machine	01/01/16	5 Years	15,813	1,761	4.590%	8,887		3,352	5,535
Various Equipment	09/01/16	5 Years	78,815	8,767	4.230%	49,916		23,138	26,778
Copy Machine	05/01/17	5 Years	15,814	1,759	4.230%	12,124		3,163	8,961
Buses	04/01/17	6 Years	2,769,991	164,916	1.896%	2,363,043		376,860	1,986,183
Copy Machines	09/17/17	5 Years	124,887	11,845	3.150%	104,473		24,977	79,496
Copy Machines	09/01/18	5 Years	69,077	7,687	4.230%		69,077	11,513	57,564
Copy Machines	10/01/18	5 Years	40,713	5,973	5.520%		40,713	3,891	36,822
Buses	08/01/18	6 Years	108,000	10,394	3.220%		108,000	16,754	91,246
Computers	08/01/18	4 Years	200,000	9,659	3.025%		200,000	51,810	148,190
Teacher Laptops	08/01/18	3 Years	290,000	9,439	2.901%		290,000	98,738	191,262
<b>Total</b>						<b>\$ 2,582,280</b>	<b>\$ 707,790</b>	<b>\$ 642,819</b>	<b>\$ 2,647,251</b>

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

	Original Budget	Budget Transfers	Final Budget	Actual (GAAP Basis)	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 529,509	\$ _____	\$ 529,509	\$ 529,509	\$ _____
Total - Local Sources	529,509	_____	529,509	529,509	_____
State Sources:					
Debt Service Aid - Type II	172,491	_____	172,491	172,491	_____
Total - State Sources	172,491	_____	172,491	172,491	_____
Total Revenues	<u>702,000</u>	<u>_____</u>	<u>702,000</u>	<u>702,000</u>	<u>_____</u>
EXPENDITURES:					
Regular Debt Service:					
Interest Payments - Bonds	27,000	_____	27,000	27,000	_____
Redemption of Bond Principal	675,000	_____	675,000	675,000	_____
Total Expenditures	<u>702,000</u>	<u>_____</u>	<u>702,000</u>	<u>702,000</u>	<u>_____</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	_____	-	-	_____
Fund Balances, July 1	-	_____	-	-	_____
<b>Fund Balances, June 30</b>	<b>\$ -</b>	<b>\$ _____</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ _____</b>

**STATISTICAL SECTION**

**SECTION – J**

## Financial Trends

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental activities</b>										
Net Investment in capital assets	\$ 22,464,228	\$ 23,540,438	\$ 27,001,462	\$ 29,494,829	\$ 32,902,621	\$ 34,762,605	\$ 43,696,718	\$ 44,935,291	\$ 49,610,975	\$ 51,308,245
Restricted	14,680,063	14,276,096	16,999,113	16,211,969	26,706,016	30,024,003	23,910,031	23,357,422	22,058,286	21,658,087
Unrestricted	(4,777,120)	41,629	1,344,484	5,646,252	(32,520,686)	(32,984,938)	(31,840,835)	(31,684,701)	(32,720,614)	(29,763,515)
<b>Total governmental activities net position/net assets</b>	<b>\$ 32,367,171</b>	<b>\$ 37,858,163</b>	<b>\$ 45,345,059</b>	<b>\$ 51,353,050</b>	<b>\$ 27,087,951</b>	<b>\$ 31,801,670</b>	<b>\$ 35,765,914</b>	<b>\$ 36,608,012</b>	<b>\$ 38,948,647</b>	<b>\$ 43,202,817</b>
<b>Business-type activities</b>										
Net Investment in capital assets	\$ 65,336	\$ 87,599	\$ 105,258	\$ 95,899	\$ 107,935	\$ 74,299	\$ 95,157	\$ 117,324	\$ 173,851	\$ 207,799
Unrestricted	637,792	779,534	779,654	925,849	388,386	492,135	416,454	468,154	515,885	673,376
<b>Total business-type activities net position/net assets</b>	<b>\$ 703,130</b>	<b>\$ 867,133</b>	<b>\$ 884,912</b>	<b>\$ 1,021,748</b>	<b>\$ 496,321</b>	<b>\$ 566,434</b>	<b>\$ 511,611</b>	<b>\$ 585,478</b>	<b>\$ 689,736</b>	<b>\$ 881,175</b>
<b>District-wide</b>										
Net Investment in capital assets	\$ 22,529,566	\$ 23,628,037	\$ 27,106,720	\$ 29,590,728	\$ 33,010,556	\$ 34,836,904	\$ 43,791,875	\$ 45,052,615	\$ 49,784,826	\$ 51,516,044
Restricted	14,680,063	14,276,096	16,999,113	16,211,969	26,706,016	30,024,003	23,910,031	23,357,422	22,058,286	21,658,087
Unrestricted	(4,139,328)	821,163	2,124,138	6,572,101	(32,132,300)	(32,492,803)	(31,424,381)	(31,216,547)	(32,204,729)	(29,090,139)
<b>Total district net position/net assets</b>	<b>\$ 33,070,301</b>	<b>\$ 38,725,296</b>	<b>\$ 46,229,971</b>	<b>\$ 52,374,798</b>	<b>\$ 27,584,272</b>	<b>\$ 32,368,104</b>	<b>\$ 36,277,525</b>	<b>\$ 37,193,490</b>	<b>\$ 39,636,383</b>	<b>\$ 44,083,992</b>

Source: CAFR Schedule A-1

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



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

Exhibit J-2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
<b>Governmental activities</b>										
<b>Instruction</b>										
Regular	\$ 29,354,756	\$ 27,466,369	\$ 26,641,131	\$ 28,339,724	\$ 28,269,563	\$ 28,387,065	\$ 29,237,127	\$ 31,710,468	\$ 32,297,670	\$ 35,374,952
Special education	6,002,654	7,505,971	7,405,658	7,403,544	7,534,259	7,781,595	8,153,686	6,421,612	6,566,012	6,389,428
Other special education	2,068,521	1,622,266	1,808,002	1,665,510	1,508,020	1,496,083	1,894,853	1,953,758	2,166,629	2,338,259
Other instruction	1,516,716	1,372,398	1,282,083	1,233,558	1,282,881	1,371,203	1,391,027	1,470,913	1,508,941	1,571,308
<b>Support Services:</b>										
Tuition	5,104,929	5,491,794	5,661,436	5,240,128	5,718,344	5,628,722	5,846,949	5,681,478	5,926,763	5,753,469
Student & instruction related services	14,675,746	13,531,382	13,271,969	14,126,628	13,713,695	14,330,155	14,443,418	15,362,877	15,545,329	14,497,741
General administrative services	2,685,799	2,378,544	3,165,353	3,176,661	3,251,357	3,384,791	3,312,990	3,299,714	3,307,097	3,415,943
School administrative services	3,104,689	3,049,380	2,719,314	3,025,750	2,770,823	2,832,511	3,016,712	3,096,687	3,891,005	3,980,819
Unallocated Benefits	18,659,036	19,616,582	20,179,876	22,097,857	20,952,645	21,986,032	25,046,260	47,304,559	51,278,533	43,295,649
Plant operations and maintenance	7,860,570	7,350,373	7,249,905	6,888,214	7,393,248	7,784,633	7,443,979	7,703,340	8,040,375	9,165,015
Pupil transportation	6,282,479	5,763,837	5,774,002	5,842,404	6,019,131	6,041,059	6,249,298	6,961,605	6,242,152	6,761,122
Special Schools	97,606									
Interest on long-term debt	332,919	297,021	265,992	233,418	196,352	157,708	120,563	93,492	87,115	83,483
Unallocated depreciation	163,927	175,886	149,010	172,922	159,496	162,785	192,659	176,085	218,870	242,380
<b>Total governmental activities expenses</b>	<b>97,910,347</b>	<b>95,621,803</b>	<b>95,573,731</b>	<b>99,246,318</b>	<b>98,769,814</b>	<b>101,324,342</b>	<b>106,349,521</b>	<b>131,236,588</b>	<b>137,076,491</b>	<b>132,869,568</b>
<b>Business-type activities:</b>										
Food service	1,844,712	1,802,122	2,012,988	2,040,754	2,184,170	1,950,021	1,614,906	1,576,399	1,490,552	1,590,977
Community School	1,422,863	1,420,350	1,509,497	1,523,104	2,249,326	1,651,378	1,807,674	1,714,323	1,655,544	1,576,364
<b>Total business-type activities expense</b>	<b>3,267,575</b>	<b>3,222,472</b>	<b>3,522,485</b>	<b>3,563,858</b>	<b>4,433,496</b>	<b>3,601,399</b>	<b>3,422,580</b>	<b>3,290,722</b>	<b>3,146,096</b>	<b>3,167,341</b>
<b>Total district expenses</b>	<b>\$ 101,177,922</b>	<b>\$ 98,844,275</b>	<b>\$ 99,096,216</b>	<b>\$ 102,810,176</b>	<b>\$ 103,203,310</b>	<b>\$ 104,925,741</b>	<b>\$ 109,772,101</b>	<b>\$ 134,527,310</b>	<b>\$ 140,222,587</b>	<b>\$ 136,036,909</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
Business and other support services										
Operating grants and contributions	5,874,425	5,895,285	6,931,352	8,748,281	18,324,772	18,867,263	20,675,124	41,334,669	45,981,670	41,768,056
<b>Total governmental activities program revenue</b>	<b>5,874,425</b>	<b>5,895,285</b>	<b>6,931,352</b>	<b>8,748,281</b>	<b>18,324,772</b>	<b>18,867,263</b>	<b>20,675,124</b>	<b>41,334,669</b>	<b>45,981,670</b>	<b>41,768,056</b>
<b>Business-type activities:</b>										
<b>Charges for services</b>										
Food service	888,683	862,559	798,012	744,119	742,271	660,566	579,333	607,973	564,963	612,948
Community School	1,510,954	1,579,978	1,524,873	1,658,694	1,721,927	1,719,989	1,651,902	1,720,765	1,713,327	1,709,648
Operating grants and contributions	782,515	860,749	953,495	985,958	1,074,132	1,153,151	1,134,834	1,034,351	970,369	1,034,317
<b>Total business type activities program revenue</b>	<b>3,182,152</b>	<b>3,303,286</b>	<b>3,276,380</b>	<b>3,388,771</b>	<b>3,538,330</b>	<b>3,533,706</b>	<b>3,366,069</b>	<b>3,363,089</b>	<b>3,248,659</b>	<b>3,356,913</b>
<b>Total district program revenues</b>	<b>\$ 9,056,577</b>	<b>\$ 9,198,571</b>	<b>\$ 10,207,732</b>	<b>\$ 12,137,052</b>	<b>\$ 21,863,102</b>	<b>\$ 22,400,969</b>	<b>\$ 24,041,193</b>	<b>\$ 44,697,758</b>	<b>\$ 49,230,329</b>	<b>\$ 45,124,969</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (92,035,922)	\$ (89,726,518)	\$ (88,642,379)	\$ (90,498,037)	\$ (80,445,042)	\$ (82,457,079)	\$ (85,674,397)	\$ (89,901,919)	\$ (91,094,821)	\$ (91,101,512)
Business-type activities	(85,423)	80,814	(246,105)	(175,087)	(895,166)	(67,693)	(56,511)	72,367	102,563	189,572
<b>Total district-wide net expense</b>	<b>\$ (92,121,345)</b>	<b>\$ (89,645,704)</b>	<b>\$ (88,888,484)</b>	<b>\$ (90,673,124)</b>	<b>\$ (81,340,208)</b>	<b>\$ (82,524,772)</b>	<b>\$ (85,730,908)</b>	<b>\$ (89,829,552)</b>	<b>\$ (90,992,258)</b>	<b>\$ (90,911,940)</b>

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

Exhibit J-2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Revenues and Other Changes in Net Position/Net Assets</b>										
Governmental activities:										
Property taxes levied for general purpose:	\$ 76,445,575	\$ 79,468,289	\$ 80,807,655	\$ 80,807,655	\$ 82,423,847	\$ 83,248,085	\$ 85,246,039	\$ 86,834,961	\$ 88,571,660	\$ 91,073,093
Taxes levied for debt service	902,895	940,450	917,488	871,393	863,548	685,270	664,905	576,274	551,007	529,509
Unrestricted grants and contributions	10,635,779	9,733,264	10,512,791	10,769,607	153,828	296,780	609,684	279,622	222,276	122,683
Restricted grants and contributions									829,475	2,656
Payments in lieu of taxes (tuition)	5,249,858	4,625,182	4,473,185	4,666,255	4,362,470	3,962,529	4,029,709	4,148,439	4,261,293	4,432,790
Investment earnings	211,478	18,786	500,381	450,036	824,673	212,423	400,698	228,126	332,871	546,962
Miscellaneous income	140,252	185,681	122,903	66,814						
Special item(s)—Disposal of assets										(9,233)
Transfers	(694,982)	(675,523)	(1,205,128)	(1,125,732)	(1,196,555)	(1,234,289)	(1,312,394)	(1,323,405)	(1,333,126)	(1,342,778)
<b>Total governmental activities</b>	<b>92,890,855</b>	<b>94,296,129</b>	<b>96,129,275</b>	<b>96,506,028</b>	<b>87,431,811</b>	<b>87,170,798</b>	<b>89,638,841</b>	<b>90,744,017</b>	<b>93,435,456</b>	<b>95,355,682</b>
Business-type activities:										
Investment earnings	13,120	5,414	2,992	1,971	2,440	1,743	1,688	1,500	1,695	1,867
Miscellaneous earnings										
Transfers	151,868	77,774	260,892	309,952	367,299	136,063				
<b>Total business-type activities</b>	<b>164,988</b>	<b>83,188</b>	<b>263,884</b>	<b>311,923</b>	<b>369,739</b>	<b>137,806</b>	<b>1,688</b>	<b>1,500</b>	<b>1,695</b>	<b>1,867</b>
<b>Total district-wide</b>	<b>\$ 93,055,843</b>	<b>\$ 94,379,317</b>	<b>\$ 96,393,159</b>	<b>\$ 96,817,951</b>	<b>\$ 87,801,550</b>	<b>\$ 87,308,604</b>	<b>\$ 89,640,329</b>	<b>\$ 90,745,517</b>	<b>\$ 93,437,151</b>	<b>\$ 95,357,549</b>
<b>Change in Net Position/Net Assets</b>										
Governmental activities	\$ 854,933	\$ 4,569,611	\$ 7,486,896	\$ 6,007,991	\$ 6,986,769	\$ 4,713,719	\$ 3,964,244	\$ 842,098	\$ 2,340,635	\$ 4,254,170
Business-type activities	79,565	164,003	17,779	136,836	(525,427)	70,113	(54,823)	73,867	104,258	191,439
<b>Total district</b>	<b>\$ 934,498</b>	<b>\$ 4,733,614</b>	<b>\$ 7,504,675</b>	<b>\$ 6,144,827</b>	<b>\$ 6,461,342</b>	<b>\$ 4,783,832</b>	<b>\$ 3,909,421</b>	<b>\$ 915,965</b>	<b>\$ 2,444,893</b>	<b>\$ 4,445,609</b>

Source: CAFR Schedule A-2

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

Exhibit J-3

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Restricted	\$ 13,859,734	\$ 11,397,332	\$ 16,999,112	\$ 16,211,969	\$ 23,506,957	\$ 19,674,349	\$ 21,691,324	\$ 22,330,679	\$ 21,539,525	\$ 20,982,749
Committed			332,766	255,390	256,124	356,771	538,983	2,999,118	53,730	129,221
Assigned		2,944,943	2,773,059	5,488,514	1,170,607	1,570,516	2,752,000	3,083,444	4,241,256	4,477,987
Unassigned	1,390,399	1,520,217	1,266,338	1,311,052	1,311,515	210,331	484,887	365,078	1,516,141	3,584,943
Total general fund	<u>\$ 15,250,133</u>	<u>\$ 15,862,492</u>	<u>\$ 21,371,275</u>	<u>\$ 23,266,925</u>	<u>\$ 26,245,203</u>	<u>\$ 21,811,967</u>	<u>\$ 25,467,194</u>	<u>\$ 28,778,319</u>	<u>\$ 27,350,652</u>	<u>\$ 29,174,900</u>
All Other Governmental Funds										
Reserved	\$ 113,618	\$	\$ 1,330,575	\$ 2,695,033	\$ 3,199,059	\$ 10,349,654	\$ 2,218,707	\$ 971,344	\$ 518,761	\$ 675,338
Committed										
Unassigned, reported in:										
Special revenue fund										
Capital projects fund	250,511									
Debt service fund			1	1	1	1	1			
Total all other governmental funds	<u>\$ 364,129</u>	<u>\$ -</u>	<u>\$ 1,330,576</u>	<u>\$ 2,695,034</u>	<u>\$ 3,199,060</u>	<u>\$ 10,349,655</u>	<u>\$ 2,218,708</u>	<u>\$ 971,344</u>	<u>\$ 518,761</u>	<u>\$ 675,338</u>

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

Exhibit J-4

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Tax levy	\$ 77,348,470	\$ 80,408,739	\$ 81,725,143	\$ 81,679,048	\$ 83,287,395	\$ 83,933,355	\$ 85,910,944	\$ 87,411,235	\$ 89,122,667	\$ 91,602,602
Tuition charges	5,052,922	4,625,182	4,473,185	4,666,255	4,362,470	3,962,529	4,029,709	4,148,439	4,261,293	4,432,790
Miscellaneous	351,730	220,454	293,398	268,313	824,673	212,423	400,698	228,126	332,871	546,961
Local sources	653,533	249,463	206,983	181,723	111,633	216,109	216,142	229,319	264,250	279,602
State sources	13,021,649	11,952,227	14,471,467	16,719,016	15,852,446	16,887,795	18,479,127	20,561,821	23,554,058	28,056,633
Federal sources	3,031,958	3,426,859	2,972,676	2,798,872	2,514,521	2,591,004	2,589,539	2,716,579	2,816,277	2,649,571
<b>Total revenue</b>	<b>99,460,262</b>	<b>100,882,924</b>	<b>104,142,852</b>	<b>106,313,227</b>	<b>106,953,138</b>	<b>107,803,215</b>	<b>111,626,159</b>	<b>115,295,519</b>	<b>120,351,416</b>	<b>127,568,159</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	28,013,564	26,595,502	25,575,527	27,080,647	27,012,226	27,021,640	27,569,631	30,129,904	30,444,276	33,601,996
Special education instruction	6,033,270	7,437,821	7,405,658	7,403,544	7,534,259	7,781,595	8,153,686	6,421,612	6,566,012	6,389,428
Other special instruction	2,259,620	1,648,646	1,808,002	1,665,510	1,508,020	1,496,083	1,894,853	1,953,758	2,166,629	2,338,259
Other instruction	1,510,789	1,398,293	1,282,083	1,233,558	1,282,881	1,371,203	1,391,027	1,470,913	1,508,941	1,571,308
<b>Support Services:</b>										
Tuition	5,104,929	5,491,794	5,661,436	5,240,128	5,718,344	5,628,722	5,846,949	5,681,478	5,926,763	5,753,469
Student & instruction related services	15,462,628	13,555,244	13,271,969	14,126,628	13,713,695	14,330,155	14,443,418	15,362,877	15,545,329	14,497,741
Other administrative services	3,042,325	2,403,057	3,165,353	3,176,661	2,770,823	2,832,511	3,312,990	3,299,714	3,307,097	3,980,819
School Administrative services	2,737,770	3,051,208	2,719,314	3,025,750	3,251,357	3,384,791	3,016,712	3,096,687	3,891,005	3,415,943
Plant operations and maintenance	7,819,622	7,292,802	7,249,905	7,077,611	7,456,233	7,858,377	7,520,053	7,797,969	8,095,258	9,367,324
Pupil transportation	6,276,228	5,755,818	5,774,002	5,842,404	6,019,131	6,041,059	6,249,298	6,961,605	6,649,100	7,154,736
Unallocated employee benefits	18,639,109	19,616,582	19,975,591	22,355,941	21,050,299	22,638,339	24,538,580	26,707,566	30,400,226	33,000,335
Special Schools	97,606									
Capital outlay	2,125,502	1,826,848	4,096,409	2,786,532	3,957,666	2,632,336	10,046,862	7,894,881	5,792,291	3,178,988
<b>Debt service:</b>										
Principal	830,000	835,000	840,000	815,000	855,000	740,000	750,000	670,000	670,000	675,000
Interest and other charges	335,845	305,645	274,783	243,320	207,330	168,500	131,500	94,000	60,500	27,000
<b>Total expenditures</b>	<b>100,288,807</b>	<b>97,214,260</b>	<b>99,100,032</b>	<b>102,073,234</b>	<b>102,337,264</b>	<b>103,925,311</b>	<b>114,865,559</b>	<b>117,542,964</b>	<b>121,023,427</b>	<b>124,952,346</b>
Excess (Deficiency) of revenues over (under) expenditures	(828,545)	3,668,664	5,042,820	4,239,993	4,615,874	3,877,904	(3,239,400)	(2,247,445)	(672,011)	2,615,813
<b>Other Financing sources (uses)</b>										
Capital leases (non-budgeted)				66,814	62,985	73,744	76,074	2,864,620	124,887	707,790
Capital Asset - Super Storm Sandy				79,033						
Lease Purchase Agreement - Buses								2,769,991		
Transfers in	1,046,159	3,405,026	1,802,239	3,198,178	3,630,734	8,937,439	1,135,898	3,157,288	1,063,590	2,756,200
Transfers out	(1,741,141)	(3,946,696)	(2,884,466)	(4,323,910)	(4,827,289)	(10,171,728)	(2,448,292)	(4,480,693)	(2,396,716)	(4,098,978)
<b>Total other financing sources (uses)</b>	<b>(694,982)</b>	<b>(541,670)</b>	<b>(1,082,227)</b>	<b>(979,885)</b>	<b>(1,133,570)</b>	<b>(1,160,545)</b>	<b>(1,236,320)</b>	<b>4,311,206</b>	<b>(1,208,239)</b>	<b>(634,988)</b>
<b>Net change in fund balances</b>	<b>\$ (1,523,527)</b>	<b>\$ 3,126,994</b>	<b>\$ 3,960,593</b>	<b>\$ 3,260,108</b>	<b>\$ 3,482,304</b>	<b>\$ 2,717,359</b>	<b>\$ (4,475,720)</b>	<b>\$ 2,063,761</b>	<b>\$ (1,880,250)</b>	<b>\$ 1,980,825</b>
Debt service as a percentage of noncapital expenditures	1.2%	1.2%	1.2%	1.1%	1.1%	0.9%	0.8%	0.7%	0.6%	0.6%

Source: CAFR Schedule B-2

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

Fiscal Year Ended June 30,	Interest on Investments	Refund of Prior Year Expenditures	E-Rate	Rentals	Misc.	Total
2010	\$ 211,478			\$ 126,316	\$ 13,937	\$ 351,730
2011	80,013			116,341	24,101	220,454
2012	45,344			121,609	97,911	264,864
2013	28,668			151,284	51,347	231,299
2014	25,960			769,053	23,428	818,441
2015	30,769			162,085	12,565	205,419
2016	33,427	193,821		147,790	19,487	394,525
2017	33,180			154,183	69,874	257,237
2018	35,640		93,493	152,648	46,435	328,215
2019	31,304		106,942	154,207	254,508	546,961

Source: District Records

## Revenue Capacity

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

Exhibit J-5

N/A - Information not available

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total General Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$6,003,022,592		\$17,914,894	\$6,020,937,486	2.454	\$9,207,157,783
2011	\$2,772,364,270	\$3,179,827,892	n/a	n/a	n/a	n/a	n/a	5,952,192,162		18,375,853	5,970,568,015	2.507	8,556,080,360
2012	2,765,887,570	3,160,675,492	n/a	n/a	n/a	n/a	n/a	5,926,563,062		17,941,508	5,944,504,570	2.524	8,283,785,483
2013	2,763,442,370	3,111,504,567	n/a	n/a	n/a	n/a	n/a	5,874,946,937		8,529	5,874,955,466	2.543	7,859,394,521
2014	2,769,065,270	3,123,447,767	n/a	n/a	n/a	n/a	n/a	5,892,513,037		8,529	5,892,521,566	2.550	7,759,749,747
2015	2,770,110,170	3,129,238,667	n/a	n/a	n/a	n/a	n/a	5,899,348,837		8,555	5,899,357,392	2.581	7,720,859,104
2016	3,424,205,800	4,092,368,100	n/a	n/a	n/a	n/a	n/a	7,516,573,900		8,555	7,516,582,455	2.231	7,823,533,777
2017	3,429,261,638	4,097,706,400	n/a	n/a	n/a	n/a	n/a	7,526,968,038		8,555	7,526,976,593	2.011	8,201,288,043
2018	3,430,902,438	4,104,701,500	n/a	n/a	n/a	n/a	n/a	7,535,603,938		8,555	7,535,612,493	2.329	8,490,038,294
2019	3,449,047,138	4,136,672,800	n/a	n/a	n/a	n/a	n/a	7,585,719,938		8,555	7,585,728,493	2.328	8,583,058,995

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

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-7

Fiscal Year Ended June 30,	Morris School District		Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct School Tax Rate	Municipal	Morris County	
	Morris Township					
2009	1.334	0.016	1.510	n/a	n/a	n/a
2010	1.339	0.016	1.355	n/a	n/a	n/a
2011	1.339	0.016	1.355	n/a	n/a	n/a
2012	1.431	0.017	1.448	0.630	0.362	2.440
2013	1.485	0.015	1.500	0.640	0.360	2.500
2014	1.506	0.012	1.518	0.646	0.339	2.503
2015	1.520	0.012	1.532	0.658	0.346	2.536
2016	1.063	0.008	1.071	0.461	0.241	1.773
2017	1.070	0.006	1.076	0.464	0.261	1.801
2018	1.089	0.006	1.095	0.455	0.263	1.813
2019	1.101	0.006	1.106	0.456	0.270	1.832
	Morristown					
2009	1.165	0.014	0.014	n/a	n/a	n/a
2010	1.230	0.015	1.244	n/a	n/a	n/a
2011	1.230	0.014	1.244	n/a	n/a	n/a
2012	1.228	0.014	1.242	1.077	0.289	2.608
2013	1.227	0.013	1.240	1.049	0.296	2.585
2014	1.237	0.008	1.245	1.052	0.299	2.596
2015	1.268	0.010	1.278	1.051	0.296	2.625
2016	1.328	0.008	1.336	1.034	0.319	2.689
2017	1.382	0.007	1.389	1.035	0.336	2.760
2018	1.429	0.006	1.435	1.052	0.358	2.845
2019	1.458	0.006	1.464	1.069	0.348	2.881

Source: District Records and Municipal Tax Collector

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

The district's basic tax rate is calculated from the A4F form which is submitted with  
 a the budget and the net valuation taxable.

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



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

Exhibit J-8

Taxpayer	2019			2009		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
<b>Morris Township</b>						
H'Y2 Mt. Kemble, LLC	\$ 59,240,000	1	1.11%			
Morristown SG, LLC	50,680,000	2	0.95%			
HSRE AHS Morristown 435, LLC	34,040,000	3	0.64%			
United States Fire Insurance	32,921,800	4	0.62%			
Mount Kemble Corporate Center, LLC	29,620,000	5	0.56%			
Olde Forge East	28,373,000	6	0.53%			
Bayer Healthcare, LLC	27,994,400	7	0.53%			
HSRE AHS Morristown 475, LLC	25,930,000	8	0.49%			
Grand Prix Morristown	25,825,800	9	0.49%			
Honeywell	24,691,500	10	0.46%			
Allied Signal Corporation				64,900,000	1	1.07%
Kemble Assoc. c/o AT&T				52,500,000	2	0.87%
Mack-Cali Realty Corp				50,000,000	3	0.83%
Brickman Mt. Kemble				35,244,000	4	0.58%
Columbia Assoc./Bayer				27,835,000	5	0.46%
44 Whippany Rd./Rexcore				26,057,000	6	0.43%
Advanced at Southgate				23,667,000	7	0.39%
Madison Motown/Crum&Foster				21,535,200	8	0.36%
JCP&L				21,000,000	9	0.35%
Southgate Center Four				20,833,300	10	0.35%
<b>Morristown</b>						
Morristown Memorial Hospital	40,000,000	1	1.64%			
4th Roc Jersey Assoc				32,500,000	1	1.76%
Parsons Village	27,300,000	2	1.12%	27,300,000	2	1.53%
Rosewood Lafayette Commons	26,474,000	3	1.09%			
Epsteins B. Metrop	25,500,000	4	1.05%			
LF Associates				24,300,000	4	1.47%
5th Roc Jersey Assoc	24,500,000	5	1.01%	27,000,000	3	1.43%
3rd Roc Jersey Assoc				24,300,000	5	1.36%
GAJC3 Morr NJ MOB LLC	23,900,000	6	0.98%			
Kadima Medical Properties				23,900,000	6	1.36%
AML-TTG on the Plaza LLC	20,160,800	7	0.83%			
Morgan Stanley				22,000,000	7	1.36%
Memorial Inv. Corp.	19,300,000	8	0.79%			
The Realty Assoc. Fund				21,400,000	8	1.28%
2nd Roc Jersey Associates	18,115,200	9	0.74%			
Verizon				20,247,993	9	1.21%
RAR2 The Green at Park Place East	18,100,000	10	0.74%			
Morristown Plaza Assoc				19,433,700	10	1.06%
<b>Total</b>	<b>\$ 582,666,500</b>		<b>16.38%</b>	<b>\$ 585,953,193</b>		<b>19.51%</b>

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

See Exhibit J-6 District Combined Taxable Value.

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

Exhibit J-9

Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
<b>Morris Township</b>			
2009	\$ 51,547,261	\$ 51,547,261	100.00%
2010	49,600,376	49,600,376	100.00%
2011	52,185,620	52,185,620	100.00%
2012	53,431,898	53,431,898	100.00%
2013	53,768,317	53,768,317	100.00%
2014	55,244,776	55,244,776	100.00%
2015	55,974,957	55,974,957	100.00%
2016	56,938,423	56,938,423	100.00%
2017	55,715,537	55,715,537	100.00%
2018	57,610,506	57,610,506	100.00%
2019	57,671,769	57,671,769	100.00%
<b>Morristown</b>			
2009	\$ 26,451,209	\$ 26,451,209	100.00%
2010	26,845,199	26,845,199	100.00%
2011	28,223,119	28,223,119	100.00%
2012	28,293,245	28,293,245	100.00%
2013	27,039,338	27,039,338	100.00%
2014	27,179,071	27,179,071	a 100.00%
2015	27,958,398	27,958,398	100.00%
2016	28,972,521	28,972,521	100.00%
2017	31,695,698	31,695,698	100.00%
2018	31,512,161	31,512,161	100.00%
2019	33,930,833	33,930,833	100.00%

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

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

## Debt Capacity

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
<b>Morris Township</b>								
2009	\$ 5,075,482	-	\$ 341,885	-	-	\$5,417,367	0.37%	258
2010	4,526,960	-	202,290	-	-	4,729,250	0.29%	211
2011	3,902,728	-	135,496	-	-	4,038,223	0.23%	180
2012	3,358,575	-	132,894	-	-	3,491,469	0.20%	156
2013	2,901,144	-	138,804	-	-	3,039,948	0.17%	136
2014	2,349,402	-	134,555	-	-	2,483,957	0.13%	111
2015	1,844,255	-	124,576	-	-	1,968,831	0.10%	88
2016	1,283,555	-	112,001	-	-	1,395,556	0.07%	62
2017	868,870	-	1,903,272	-	-	2,772,142	0.13%	125
2018	424,237	-	1,622,963	-	-	2,047,200	N/A	92
2019	-	-	1,711,183	-	-	1,711,183	N/A	N/A
<b>Morristown</b>								
2009	\$ 2,604,518	-	\$ 175,440	-	-	\$2,779,959	0.21%	145
2010	2,323,040	-	103,806	-	-	2,426,846	0.18%	132
2011	2,112,272	-	73,334	-	-	2,185,607	0.15%	118
2012	1,816,425	-	71,873	-	-	1,888,298	0.13%	102
2013	1,458,856	-	69,798	-	-	1,528,654	0.10%	82
2014	1,155,598	-	66,184	-	-	1,221,782	0.08%	66
2015	920,745	-	62,195	-	-	982,940	0.06%	53
2016	731,445	-	63,824	-	-	795,269	0.05%	42
2017	476,130	-	1,042,969	-	-	1,519,099	0.09%	81
2018	250,763	-	959,317	-	-	1,210,080	N/A	63
2019	-	-	936,068	-	-	936,068	N/A	N/A

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

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

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

N/A = Not Available

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

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2009	\$ 7,680,000	-	\$ 7,680,000	0.13%	191
2010	6,850,000	-	6,850,000	0.11%	168
2011	6,015,000	-	6,015,000	0.10%	147
2012	5,175,000	-	5,175,000	0.09%	126
2013	4,360,000	-	4,360,000	0.07%	106
2014	3,505,000	-	3,505,000	0.06%	86
2015	2,765,000	-	2,765,000	0.05%	68
2016	2,015,000	-	2,015,000	0.03%	49
2017	1,345,000	-	1,345,000	0.02%	33
2018	675,000	-	675,000	0.01%	16
2019	-	-	-	0.00%	-

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

**a** See Exhibit J-6 for property tax data.

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

N/A = Not Available

Morris School District  
 Ratios of Overlapping Governmental Activities Debt  
 As of June 30, 2019  
Unaudited

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Morristown Town	\$ 23,807,837	100%	\$ 23,807,837
Morris Township	23,669,329	100%	23,669,329
<b>Other debt</b>			
Morris County - Morristown	230,091,754	3.159%	7,268,046
Morris County - Morris Township	230,091,754	5.773%	<u>13,284,303</u>
<b>Total direct and overlapping debt</b>			<b><u>\$ 68,029,516</u></b>

**Sources:** Morristown Town  
 Morris Township

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

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

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

Year	Morris Twsp Equal Valuation	Morristown Equal. Valuation
2018	\$5,474,115,884	\$3,006,721,581
2017	5,308,242,301	3,123,063,380
2016	5,262,975,795	2,878,767,492

Legal Debt Margin Calculation for Fiscal Year 2018

Total	
Equalized valuation basis	
2018	\$8,480,837,465
2017	8,431,305,681
2016	8,141,743,287
<b>[A]</b>	<b>\$25,053,886,433</b>
<b>[A/3]</b>	<b>\$ 8,351,295,478</b>
<b>[B]</b>	<b>250,538,864 a</b>
<b>[C]</b>	<b>-</b>
<b>[B-C]</b>	<b>\$ 250,538,864</b>

Average equalized valuation of taxable property

Debt limit (3 % of average equalization value)  
 Net bonded school debt  
 Legal debt margin

- 169 -

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 259,338,469	\$ 271,020,708	\$266,701,712	\$246,797,070	\$238,195,198	\$232,335,133	\$230,336,706	\$234,866,986	\$ 243,707,679	\$250,538,864
Total net debt applicable to limit	<u>6,850,000</u>	<u>6,015,000</u>	<u>5,175,000</u>	<u>4,360,000</u>	<u>3,505,000</u>	<u>2,765,000</u>	<u>2,015,000</u>	<u>1,345,000</u>	<u>675,000</u>	<u>-</u>
Legal debt margin	<u>\$ 252,488,469</u>	<u>\$ 265,005,708</u>	<u>\$261,526,712</u>	<u>\$242,437,070</u>	<u>\$234,690,198</u>	<u>\$229,570,133</u>	<u>\$228,321,706</u>	<u>\$233,521,986</u>	<u>\$ 243,032,679</u>	<u>\$250,538,864</u>
Total net debt applicable to the limit as a percentage of debt limit	2.64%	2.22%	1.94%	1.77%	1.47%	1.19%	0.87%	0.57%	0.28%	

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

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

## Demographic and Economic Information



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

Exhibit J-14

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
<b>Morris Twp</b>				
2009	21,014	\$1,474,846,576	R \$ 70,184 R	6.8%
2010	22,397 R	1,655,541,446 R	73,918 R	9.2%
2011	22,446 R	1,718,757,558 R	76,573 R	9.1%
2012	22,439 R	1,783,474,159 R	79,481 R	7.0%
2013	22,406 R	1,800,501,348 R	80,358 R	6.3%
2014	22,302 R	1,865,027,052 R	83,626 R	4.2%
2015	22,361 R	1,956,699,305 R	87,505 R	3.5%
2016	22,383 R	2,006,703,099 R	89,653 R	3.3%
2017	22,254 R	2,097,639,786 R	94,259 R	3.2%
2018	22,207	N/A	N/A	2.6%
<b>Morristown</b>				
2009	19,126	\$1,342,339,184	R \$ 70,184 R	7.0%
2010	18,393 R	1,359,573,774 R	73,918 R	9.2%
2011	18,478 R	1,414,915,894 R	76,573 R	9.1%
2012	18,505 R	1,470,795,905 R	79,481 R	7.1%
2013	18,539 R	1,489,756,962 R	80,358 R	5.1%
2014	18,498 R	1,546,913,748 R	83,626 R	4.3%
2015	18,490 R	1,617,967,450 R	87,505 R	3.8%
2016	18,903 R	1,694,710,659 R	89,653 R	3.6%
2017	18,829 R	1,774,802,711 R	94,259 R	3.1%
2018	19,145	N/A	N/A	2.8%

Source:

- <sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development
  - <sup>b</sup> Personal income has been estimated based upon population and per capita personal income
  - <sup>c</sup> Per Capita income provided by US Dept of Commerce, Bureau of Economic Analysis
  - <sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development
- R - Revised

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

Exhibit J-15

<u>Employer</u>	<u>2019</u>			<u>2009</u>		
	<u>Approximate Number of Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Approximate Number of Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
n/a	n/a		n/a	n/a		n/a

n/a - information not available for audit period

## Operating Information

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

Exhibit J-16

<u>Function/Program</u>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Instruction										
Regular	464	326	318	340	341	345	353	354	352	349
Special education	102	99	95	92	96	107	109	105	104	101
Other special education	25	23	24	24	24	25	25	31	29	33
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	32	3	3	3	3	3	3	3	3	3
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related serv	36	154	164	176	178	168	172	168	166	158
General adminisitrative services	21	2	2	2	2	2	3	3	2	2
School administrative services	51	35	35	35	34	35	35	35	38	38
Business adminisitrative services	1	19	19	19	18	18	18	18	16	16
Plant operations and maintenance	82	86	85	82	82	84	85	86	85	89
Pupil transportation	13	26	24	32	33	34	39	34	63	68
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	33	29	28	26	26	24	-	-	-	1
<b>Total</b>	<b>860</b>	<b>801</b>	<b>796</b>	<b>829</b>	<b>837</b>	<b>844</b>	<b>842</b>	<b>837</b>	<b>858</b>	<b>858</b>

**Source:** District Personnel Records

**N/A:** Information not available

Morris School District  
Operating Statistics  
Last Ten Fiscal Years  
Unaudited

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage	
						Elementary	Middle School	High School					
2009	R	4,799	\$ 94,371,403	\$19,667	-4.65%	538	8.9:1	9.7:1	10.8:1	4,750	4,533	1.78%	95.43%
2010	R	4,843	98,163,305	20,269	3.06%	505	8.9:1	9.7:1	10.8:1	4,796	4,584	0.97%	95.58%
2011		4,940	90,587,820	18,338	-9.53%	518	8.9:1	9.7:1	10.8:1	4,892	4,686	2.01%	95.78%
2012	R	4,987	90,779,829	18,203	-0.73%	517	8.9:1	9.7:1	10.8:1	4,927	4,719	0.71%	95.78%
2013		5,076	98,228,382	19,352	6.31%	524	9.7:1	9.6:1	10.2:1	4,996	4,774	1.40%	95.56%
2014	R	5,084	97,317,268	19,142	-1.08%	529	9.6:1	9.5:1	10.1:1	5,111	4,889	2.30%	95.66%
2015	R	5,232	100,384,475	19,187	0.23%	544	9.7:1	9.1:1	9.8:1	5,239	5,012	2.50%	95.67%
2016	R	5,238	103,937,197	19,843	3.42%	557	9.9:1	9.0:1	10.1:1	5,249	5,002	0.19%	95.29%
2017	R	5,210	108,884,083	20,899	5.32%	548	10.2:1	9.8:1	11.2:1	5,198	4,925	-0.97%	94.75%
2018	R	5,091	114,500,636	22,491	7.62%	536	10.1:1	9.7:1	11.2:1	5,057	4,776	-2.71%	94.44%
2019		5,110	121,071,358	23,693	5.35%	538	9.0:1	8.6:1	10.9:1	5,117	4,852	1.19%	94.82%

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

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay;
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

R - Revised

Morris School District  
School Building Information  
Last Ten Fiscal Years  
Unaudited

Exhibit J-18

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>District Building</b>											
<b>Early Learning Center</b>											
Early Learning Center											
Square Feet	35,277	35,277	35,277	35,277	35,277	35,277	35,277	35,277	35,277	35,277	35,277
Capacity (students)	74	74	74	74	74	74	74	74	74	74	74
Enrollment											
<b>Elementary</b>											
Alexander Hamilton (1933)											
Square Feet	90,078	90,078	90,078	90,078	90,078	90,078	90,078	90,078	90,078	90,078	90,078
Capacity (students)	652	652	652	652	652	652	652	652	652	652	652
Enrollment											
Alfred Vail (1930)											
Square Feet	119,628	119,628	119,628	119,628	119,628	119,628	119,628	119,628	119,628	119,628	119,628
Capacity (students)	859	859	859	859	859	859	859	859	859	859	859
Enrollment <sup>a</sup>											
Hillcrest (1956)											
Square Feet	80,116	80,116	80,116	80,116	80,116	80,116	80,116	80,116	80,116	80,116	80,116
Capacity (students)	574	574	574	574	574	574	574	574	574	574	574
Enrollment											
Normandy Park (1964)											
Square Feet	75,438	75,438	75,438	75,438	75,438	75,438	75,438	75,438	75,438	75,438	75,438
Capacity (students)	547	547	547	547	547	547	547	547	547	547	547
Enrollment											
Sussex Ave. (1954)											
Square Feet	83,119	83,119	83,119	83,119	83,119	83,119	83,119	83,119	83,119	83,119	83,119
Capacity (students)	596	596	596	596	596	596	596	596	596	596	596
Enrollment											
Thomas Jefferson (1958)											
Square Feet	75,726	75,726	75,726	75,726	75,726	75,726	75,726	75,726	75,726	75,726	75,726
Capacity (students)	531	531	531	531	531	531	531	531	531	531	531
Enrollment											

Morris School District  
 School Building Information  
 Last Ten Fiscal Years  
Unaudited

Exhibit J-18

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b><u>District Building</u></b>											
Woodland Ave (1967)											
Square Feet	72,234	72,234	72,234	72,234	72,234	72,234	72,234	72,234	72,234	72,234	72,234
Capacity (students)	518	518	518	518	518	518	518	518	518	518	518
Enrollment											
<b><u>Middle School</u></b>											
Frelinghuysen (1965)											
Square Feet	227,837	227,837	227,837	227,837	227,837	227,837	227,837	227,837	227,837	227,837	227,837
Capacity (students)	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553
Enrollment											
<b><u>High School</u></b>											
Morristown (1928)											
Square Feet	415,631	415,631	415,631	415,631	415,631	415,631	415,631	439,631	439,631	439,631	439,631
Capacity (students)	2,629	2,629	2,629	2,629	2,629	2,629	2,629	2,952	2,952	2,952	2,952
Enrollment											
Maintenance Offices											
Square Feet	900	900	900	900	900	900	900	900	900	900	900
Number of Schools at June 30, 2019											
Early Learning Center =	1										
Elementary =	7										
Middle School =	1										
High School =	1										

Source: District records, ASSA

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

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

Exhibit J - 19

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

School Facilities	Project # (s)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Morristown High	N/A	\$ 941,351	\$ 875,691	\$ 687,569	\$ 525,289	\$ 756,167	\$ 565,937	\$ 513,709	\$ 697,495	\$ 639,642	\$ 601,429
Alexander Hamilton	N/A	152,618	153,872	159,529	179,087	120,916	129,662	120,494	121,110	173,975	114,799
Alfred Vail	N/A	92,060	130,772	90,029	153,754	141,462	75,124	123,806	73,822	128,526	195,826
Frelinghuysen	N/A	296,423	262,244	253,709	428,258	309,925	231,782	216,145	186,878	217,936	188,806
Lafayette Learning Cente	N/A	83,381	170,310	120,715	117,114	85,746	84,516	79,898	89,984	49,955	74,719
Hillcrest	N/A	110,199	92,657	128,949	91,097	145,466	196,806	104,935	169,749	90,187	111,705
Normandy Park	N/A	89,274	68,039	74,802	78,049	121,527	104,759	74,866	89,131	103,184	80,565
Sussex Avenue	N/A	97,241	79,568	110,597	70,432	87,518	74,489	80,133	92,090	99,063	73,491
Thomas Jefferson	N/A	81,118	132,744	77,014	69,863	121,654	104,528	110,188	124,690	109,277	115,355
Woodland Avenue	N/A	102,689	53,161	118,030	122,037	96,666	78,257	80,938	99,813	68,662	69,120
<b>Total School Facilities</b>		<b>\$2,046,354</b>	<b>\$2,019,058</b>	<b>\$1,820,943</b>	<b>\$1,834,980</b>	<b>\$1,987,047</b>	<b>\$1,645,860</b>	<b>\$1,505,112</b>	<b>\$1,744,762</b>	<b>\$1,680,407</b>	<b>\$1,625,815</b>

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



MORRIS SCHOOL DISTRICT  
 INSURANCE SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
 UNAUDITED

Company	Type of Coverage	Coverage	Deductible
School Alliance Insurance Fund	School Package Policy	\$ 500,000,000 Occurrence	
	Building & Personal Property		\$ 2,500.00
	Auto Physical Damage		1,000.00
	General Liability including Auto, Employee Benefits	5,000,000	
	Each Occurrence		
	General Aggregate	Agreed upon based on membership	
	Product/Completed Ops		
	Personal Injury		
	Fire Damage	2,500,000	
	Medical Expenses	10,000	
	(excluding students taking part in athletics)		
	Automobile Coverage		
	Combined Single Limit		
	Hired/Non-owned		
Security Guard Liability		10,000	
Environmental Impairment Liability	1,000,000/25,000,000 Fund Agg. First party Fungi & Legionella		100,000
Crime Coverage	50,000 Inside/Outside		1,000
Blanket Dishonesty Bond	500,000		1,000
Boiler & Machinery	100,000,000		2,500
Excess Liability (AL/GL)	10,000,000		
Cyber Liability	2,000,000 per Occurrence/Agg		10,000
NJ School Insurance Group	Workmen's Compensation		
	Coverage A	Statutory	
	Coverage B (Employer Liability)	2,000,000	
	Supplemental Indemnity	Statutory	
Bollinger Specialty Group	Student Accident Insurance (Includes Athletes)	(Excess of Parents coverage) 5,000,000	Excess
	Catastrophe Cash option	1,000,000	
School Alliance Insurance Fund	School Board Legal Liability including Employment Practices Liability		
	Liability Limit/aggregate limit	5,000,000	10,000
	Claims Made basis		
NJ School Insurance Group	Blanket/Public Official Fidelity Bond		
	Board Sec/Business Administrator	420,000	1,000
	Assist Board Sec/Asst Business Administrator	200,000	1,000

MORRIS SCHOOL DISTRICT  
 INSURANCE SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
 UNAUDITED

Company	Type of Coverage	Coverage	Deductible
Fireman's Fund Indemnity Corp.	Catastrophe Excess Liability Occurrence Limit (BI & PD)	50,000,000 (shared limits) 100,000,000 agg for 3 school group	
National Flood Program Selective Insurance	Flood Coverage-Alexander Hamilton		
	Building	500,000	1,000
	Contents	500,000	1,000
	Flood Coverage-Woodland		
	Building	500,000	1,000
	Contents	500,000	1,000
	Flood Coverage-Frelinghuysen Middle School		
	Building	500,000	1,000
	Contents	500,000	1,000
	Flood Coverage-Maintenance Building at Frelinghuysen		
Building	200,000	1,000	
Contents	150,000	1,000	

Source: District Records

**SINGLE AUDIT SECTION**

**SECTION – K**

## HODULIK &amp; MORRISON, P.A.



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Morris School District, in the County of Morris, State of New Jersey, as of and for the year ended June 30, 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 December 2, 2019.

Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

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

We noted other matters that we reported to the Board of Education of the Morris School District in a separate report entitled, Auditors Management Report on Administrative Findings dated December 2, 2019.

#### Purpose of this Report

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



HODULIK & MORRISON, P.A.  
A division of PKF O'Connor Davies  
Certified Public Accountants  
Registered Municipal Accountants  
Public School Accountants



Robert S. Morrison  
Public School Accountant  
PSA # 871

Cranford, New Jersey  
December 2, 2019

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND  
STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;  
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE REQUIRED BY THE UNIFORM GUIDANCE  
AND NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITORS' REPORT**

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

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

We have audited the Morris School District, County of Morris, New Jersey compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Compliance Supplement" and the New Jersey Compliance Manual "State Grant Compliance Supplement" that could have a direct and material effect on each of the Morris School District's major federal and state programs for the year ended June 30, 2019. The Morris School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Morris School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; 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 Circular 15-08, Single Audit Policy for Recipients of Federal Grants and State Aid. Those standards, Uniform Guidance and New Jersey OMB's 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 and state program occurred.

An audit includes examining, on a test basis, evidence about the Morris School District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

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

In our opinion, the Morris School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2019.

#### Report on Internal Control Over Compliance

Management of the Morris School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Morris School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ OMB Circular 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 Morris School District's internal control over compliance.

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

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

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 and NJ OMB Circular 15-08. Accordingly, this report is not suitable or any other purposes.

*Hodulik & Morrison, P.A.*

HODULIK & MORRISON, P.A.  
A division of PKF O'Connor Davies  
Certified Public Accountants  
Registered Municipal Accountants  
Public School Accountants

*Robert S. Morrison*

Robert S. Morrison  
Public School Accountant  
PSA # 871

Cranford, New Jersey  
December 2, 2019



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

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL C.F.D.A NO.	FEDERAL FAIN NO.	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	DEF.REVENUE/ (ACCTS. REC.) AT JUNE 30, 2018	ADJUSTMENTS	CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE JUNE 30, 2019 ACCOUNTS RECEIVABLE
U.S. Department of Agriculture										
Passed-through NJDOE:										
Enterprise Fund:										
Child Nutrition Cluster										
Food Distribution Program	10.569	191NJ824Y8105	N/A	07/01/18-06/30/19	\$ 138,526	\$ -	\$	138,526	(138,526)	\$ -
School Breakfast Program	10.553	191NJ304N1099	N/A	07/01/18-06/30/19	250,646			195,052	(250,646)	(55,594)
School Breakfast Program	10.553	181NJ304N1099	N/A	07/01/17-06/30/18	241,217	(51,852)		51,852		-
National School Lunch Program	10.555	191NJ304N1099	N/A	07/01/18-06/30/19	766,344			605,407	(766,344)	(160,937)
National School Lunch Program	10.555	181NJ304N1099	N/A	07/01/17-06/30/18	712,505	(146,943)		146,943		-
Total Enterprise Fund						(198,795)	-	1,137,780	(1,155,516)	(216,531)
U.S. Department of Education										
Passed-through NJDOE:										
General Fund:										
Special Education Medicare Initiative (SEMI)	93.778	1905NJ5MAP	N/A	07/01/18-06/30/19	106,766			106,766	(106,766)	-
Impact Aid	84.041		N/A	07/01/18-06/30/19	7,840	-		7,840	(7,840)	-
Total General Fund						-	-	114,606	(114,606)	-
U.S. Department of Education										
Passed-through NJDOE:										
Special Revenue Fund										
Title I Cluster:										
Title I, Part A	84.010	S010A180030	ESEA-19	07/01/18-06/30/19	591,523	(375,564)		700,500	(580,945)	(256,009)
Title I, Distinguished School	84.010	S010A170030	ESEA-18	07/01/17-06/30/18	10,000	676				676
Title I Part D	84.013	S013A180030	ESEA-19	07/01/18-06/30/19	53,234	(40,963)		40,963	(53,234)	(53,234)
Total Title I						(415,851)	-	741,463	(634,179)	(308,567)
Special Education Cluster:										
I.D.E.A. Part B, Full-time	84.027	H027A180100	IDEA-19	07/01/18-06/30/19	1,653,137	(883,232)		2,180,952	(1,602,731)	(305,011)
I.D.E.A. Part B, Preschool	84.173	H173A180114	IDEA-19	07/01/18-06/30/19	51,722	-		51,722	(51,722)	-
Total Special Education Cluster						(883,232)	-	2,232,674	(1,654,453)	(305,011)
Title II Part A	84.367	S367A180029	ESEA-19	07/01/18-06/30/19	189,081	(56,044)		148,222	(119,332)	(27,154)
Total Title II						(56,044)	-	148,222	(119,332)	(27,154)
Title III	84.365	S365A180030	ESEA-19	07/01/18-06/30/19	167,763	(70,717)		102,576	(85,370)	(53,511)
Title III - Immigrant	84.365	S365A170030	ESEA-18	07/01/17-06/30/18	32,843	(20,014)		20,014		-
Total Title III						(90,731)	-	122,590	(85,370)	(53,511)
Title IV Part A	84.424	S424A180031	ESEA-19	07/01/18-06/30/19	35,582	(2,015)		10,344	(11,181)	(2,852)
Career Academy	84.048	V048A140030	N/A	07/01/09-06/30/10		(3,985)				(3,985)
Vocational Education:										
Secondary(Carl Perkins)	84.048	V048A180030	PERK-19	07/01/18-06/30/19	35,043	(8,342)		28,080	(30,449)	(10,711)
Total Carl Perkins						(8,342)	-	28,080	(30,449)	(10,711)
Total Special Revenue Fund						(1,460,200)	-	3,283,373	(2,534,964)	(711,791)
Total Federal Financial Assistance						\$ (1,658,995)	\$ -	\$ 4,535,759	\$ (3,805,086)	\$ (928,322)

Note: See Accompanying Notes to Schedules of Financial Assistance.

MORRIS SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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 Schedule - B

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2018		CASH RECEIVED	BUDGETARY EXPEND.	ADJU./ REPAY. PR. YRS. BALANCES	BALANCE JUNE 30, 2019		MEMO	CUMULATIVE TOTAL EXPENDITURES
				DEF. REVENUE/ (ACCTS. REC.)	DUE TO GRANTOR				DEF. REVENUE/ (ACCTS. REC.)	DUE TO GRANTOR		
State Department of Education:												
General Fund:												
Categorical Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	\$ 1,736,086	\$	\$	\$ 1,540,421	(1,736,086)	\$	\$	\$	(195,665)	\$ (1,736,086)
Categorical Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	1,581,555	(157,277)		157,277						
Categorical Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	3,521,639			3,128,529	(3,521,639)				(393,110)	(3,521,639)
Categorical Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	3,011,567	(293,759)		293,759						
Categorical Security Aid	19-495-034-5120-084	7/1/18-6/30/19	994,301			862,241	(994,301)				(112,060)	(994,301)
Categorical Security Aid	18-495-034-5120-084	7/1/17-6/30/18	755,191	(75,098)		75,098						
School Choice Aid	19-495-034-5120-068	7/1/18-6/30/19	757,545			672,162	(757,545)				(85,383)	(757,545)
School Choice Aid	18-495-034-5120-068	7/1/17-6/30/18	723,024	(71,897)		71,897						
Adjustment Aid	19-495-034-5120-085	7/1/18-6/30/19	218,451			199,838	(218,451)				(24,613)	(218,451)
Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	252,972	(56,612)		56,612						
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	49,610	(4,937)		4,937						
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	49,610	(4,937)		4,937						
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	51,460	(5,112)		5,112						
Host District Support Aid	18-495-034-5120-102	7/1/17-6/30/18	44,132	(4,405)		4,405						
Non-public Transportation Aid	19-495-034-5120-078	7/1/18-6/30/19	119,705				(119,705)		(119,705)			(119,705)
Non-public Transportation Aid	18-495-034-5120-078	7/1/17-6/30/18	141,928	(141,928)		141,928						
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	2,189,466				(2,189,466)		(2,189,466)			(2,189,466)
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	1,717,376	(1,710,727)		1,717,376		(6,648)				
Homeless Tuition Reimbursement	19-495-034-5120-005	7/1/18-6/30/19	8,077				(8,077)		(8,077)			(8,077)
Homeless Tuition Reimbursement	18-495-034-5120-005	7/1/17-6/30/18	27,657	(27,657)		27,657						
T.P.A.F. Social Security Aid	19-495-034-5094-003	7/1/18-6/30/19	3,093,122			3,093,122	(3,093,122)					(3,093,122)
T.P.A.F. Social Security Aid	18-495-034-5094-003	7/1/17-6/30/18	3,056,868	(27)		27						
On-behalf T.P.A.F. Pension Contribution	19-495-034-5094-002	7/1/18-6/30/19	7,792,947			7,792,947	(7,792,947)					(7,792,947)
On-behalf T.P.A.F. Non-Contributory Insurance	19-495-034-5094-004	7/1/18-6/30/19	163,127			163,127	(163,127)					(163,127)
On-behalf T.P.A.F. Non-Contributory Insurance - L	19-495-034-5094-004	7/1/18-6/30/19	9,983			9,983	(9,983)					(9,983)
On-behalf T.P.A.F. Post Retirement Medical Contri	19-495-034-5094-001	7/1/18-6/30/19	3,608,862			3,608,862	(3,608,862)					(3,608,862)
<b>Total General Fund</b>				<b>(2,554,373)</b>		<b>23,646,254</b>	<b>(24,213,311)</b>	<b>(6,649)</b>	<b>(2,317,248)</b>		<b>(810,831)</b>	<b>(24,213,311)</b>
Debt Service Fund:												
Debt Service Aid (Chapter 74)	19-495-034-5120-017	7/1/18-6/30/19	172,491			172,491	(172,491)					(172,491)
<b>Total Debt Service Fund</b>						<b>172,491</b>	<b>(172,491)</b>					<b>(172,491)</b>
Special Revenue Fund:												
N.J. Nonpublic Aid:												
Textbook Aid	19-100-034-5120-064	7/1/18-6/30/19	106,213			106,213	(105,375)			838		(105,375)
Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	144,017		37,863			37,863				
Auxiliary Services:												
Compensatory	19-100-034-5120-067	7/1/18-6/30/19	66,668			66,668	(60,912)			5,756		(60,912)
Compensatory	18-100-034-5120-067	7/1/17-6/30/18	68,210		18,957			18,957				
ESL	19-100-034-5120-067	7/1/18-6/30/19	3,968			3,968	(3,968)					(3,968)
ESL	18-100-034-5120-067	7/1/17-6/30/18	1,084		181			181				
Home Instruction	19-100-034-5120-067	7/1/18-6/30/19	8,010				(8,010)		(8,010)			(8,010)
Home Instruction	18-100-034-5120-067	7/1/17-6/30/18	11,176	(11,176)		11,176						
Handicapped Services:												
Supplementary Instruction	19-100-034-5120-066	7/1/18-6/30/19	65,102			65,102	(59,078)			6,024		(59,078)
Supplementary Instruction	18-100-034-5120-066	7/1/17-6/30/18	52,255		1,823			1,823				
Examination & Classification	19-100-034-5120-066	7/1/18-6/30/19	93,748			93,748	(80,101)			13,647		(80,101)
Examination & Classification	18-100-034-5120-066	7/1/17-6/30/18	89,735		1,330			1,330				
Corrective Speech	19-100-034-5120-066	7/1/18-6/30/19	60,710			60,710	(43,212)			17,498		(43,212)
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	66,067		22,141			22,141				
Nursing Services	19-100-034-5120-070	7/1/18-6/30/19	248,417		0	248,417	(248,417)					(248,417)
Nursing Services	18-100-034-5120-070	7/1/17-6/30/18	255,585		6,014			6,014				
Technology Initiative Aid	19-100-034-5120-373	7/1/18-6/30/19	91,944			91,944	(91,842)			102		(91,842)
Technology Initiative Aid	18-100-034-5120-373	7/1/17-6/30/18	97,273		2,890			2,890				
Security Aid	19-100-034-5120-509	7/1/18-6/30/19	384,150			384,150	(360,232)			23,918		(360,232)
Security Aid	18-100-034-5120-509	7/1/17-6/30/18	197,625		34,348			34,398				
Preschool Aid	19-495-034-5120-086	7/1/18-6/30/19	1,162,095			1,162,095	(1,026,450)		135,645			(1,026,450)
<b>Total Special Revenue Fund</b>				<b>(11,176)</b>	<b>125,567</b>	<b>2,294,191</b>	<b>(2,087,597)</b>	<b>125,617</b>	<b>127,585</b>	<b>67,783</b>	<b>-</b>	<b>(2,087,597)</b>

MORRIS SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2018		CASH RECEIVED	BUDGETARY EXPEND.	ADJU./REPAY. PR. YRS BALANCES	BALANCE JUNE 30, 2019			MEMO CUMULATIVE TOTAL EXPENDITURES
				DEF REVENUE/ (ACCTS. REC.)	DUE TO GRANTOR				DEF REVENUE/ (ACCTS. REC.)	DUE TO GRANTOR	BUDGETARY RECEIVABLE	
National School Lunch Prog. (State Share)	19-100-010-3350-023	7/1/18-6/30/19	17,326			13,724	(17,326)		(3,602)			(17,326)
National School Lunch Prog. (State Share)	18-100-010-3350-023	7/1/17-6/30/18	16,646	(3,438)		3,438			-			-
<b>Total Enterprise Fund</b>				(3,438)		17,162	(17,326)		(3,602)			(17,326)
Capital Projects Fund:												
Schools Development Agency	3385-050-13-G2HB	unspecified	130,789	(129,884)				(905)	(130,789)			
Schools Development Agency	3385-060-14-G2XH	unspecified	12,057	(12,057)		12,057			-			-
Schools Development Agency	3385-050-14-G2HC	unspecified	288,200	(288,200)		288,200			-			-
Schools Development Agency	3385-060-13-G2XG	unspecified	374,503	(374,503)		374,503			-			-
Schools Development Agency	3385-105-13-G2HD	unspecified	24,831	(24,831)		24,831			-			-
<b>Capital Projects Fund</b>				(829,475)		699,591		(905)	(130,789)			
<b>Total State Financial Assistance</b>				\$ (3,398,462)	\$ 125,567	\$ 26,829,689	\$ (26,490,725)	\$ 118,063	\$ (2,324,054)	\$ 67,783	\$ (810,831)	\$ (26,490,725)
Less:												
On-behalf T.P.A.F. Pension Contribution							\$ 7,792,947					
On-behalf T.P.A.F. Non-Contributory Insurance							163,127					
On-behalf T.P.A.F. Non-Contributory Insurance - LTDI							9,983					
On-behalf T.P.A.F. Post Retirement Medical Contribution							3,608,862					
							\$ (14,915,806)					

Note: See Accompanying Notes to Schedules of Financial Assistance.

MORRIS SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS  
AND FINANCIAL ASSISTANCE  
JUNE 30, 2019

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of the OMB Uniform Guidance, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District did not allocate any indirect costs to any of its federal and/or state financial assistance programs during the 2018-2019 school year.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

MORRIS SCHOOL DISTRICT  
 NOTES TO THE SCHEDULES OF AWARDS  
 AND FINANCIAL ASSISTANCE  
JUNE 30, 2019

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,580,579 for the general fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$114,606	\$25,793,890	\$25,908,496
Special Revenue Fund	2,534,964	2,087,596	4,622,560
Capital Projects Fund		1,751	1,751
Debt Service Fund		172,491	172,491
Food Service Fund	<u>1,155,516</u>	<u>17,326</u>	<u>1,172,842</u>
Total Awards & Financial Assistance	<u>\$3,805,086</u>	<u>\$28,073,054</u>	<u>\$31,878,140</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions and Post-Retirement Medical represents the amount paid by the state on behalf of the District for the year ended June 30, 2019. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2019.

MORRIS SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Section 1 - Summary of Auditor's Results

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal Control over financial reporting:

1) Material weakness(es) identified? \_\_\_\_\_ Yes X No

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

Noncompliance material to basic financial statements noted? \_\_\_\_\_ Yes X No

**Federal Awards**

Internal Control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ Yes X No

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

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR-200.516(a)? \_\_\_\_\_ Yes X No

Identification of major programs:

CFDA Number(s)	FAIN Numbers	Name of Federal Program or Cluster
10.569	N/A	Child Nutrition Cluster: Food Distribution Program
10.553	1NJ304N1099	School Breakfast Program
10.555	1NJ304N1099	National School Lunch Program

Dollar threshold used to distinguish between Type A and B programs: \$750,000.00

Auditee qualified as low-risk auditee? X Yes \_\_\_\_\_ No

MORRIS SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

**State Awards**

Dollar threshold used to distinguish between Type A and B programs: \$ 750,000.00

Auditee qualified as low-risk auditee?     X     Yes            No

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

Internal Control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08            Yes     X     No

Identification of major programs:

GMIS Number(s)	Name of State Program
19-495-034-5120-014	Transportation Aid
19-100-034-5120-070	Nonpublic Nursing Services Aid
19-495-034-5120-086	Preschool Aid

MORRIS SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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Page 3 of 3

Section II - Financial Statement Findings

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

**Significant Deficiency(ies)/Material Weaknesses**

None Noted.

**Noncompliance**

None Noted.

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Uniform Guidance and New Jersey OMB circular 15-08.

**Federal and State Award Programs:**

**Significant Deficiency(ies)/Material Weaknesses**

None Noted.

**Noncompliance**

None Noted.



MORRIS SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Section I – Summary of Prior Year Federal and State Findings

N/A

Section II – Current Year Status

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